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BUDGET SPEECH

DELIVERED BY

HON. CHAS. A. ^{very}DUNNING
MINISTER OF FINANCE

MEMBER FOR QUEENS, PRINCE EDWARD ISLAND

IN THE

HOUSE OF COMMONS

FEBRUARY 25, 1937



OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1937



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DELIVERED BY

HON. CHAS. A. DUNNING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, THURSDAY, FEBRUARY 25, 1937

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE
MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, among my New Year's resolutions was a secret undertaking that my budget speech this year should be brief. I must confess, however, that this resolution has suffered the fate of many of its companions. In preparing a budget, a bewildering array of complex questions demand attention, if one is to give a reasonably complete and accurate statement of the economic and financial position of Canada in these difficult years. To abbreviate further the statement which I now offer would mean presenting to this house something less than is expected in an annual review of this kind. But, Mr. Speaker, if I cannot bring you greater brevity than last year, perhaps I can bring you greater cheer.

I

BUSINESS REVIEW

A year ago I was able to show that the state of business and trade was generally encouraging and suggested that we might reasonably expect throughout the year a strengthening and broadening out of the forces of recovery then clearly in evidence. My expectations of a year ago have been amply realized. The last twelve months have witnessed a continued and increasing vigour in the recovery movement, and the gratifying evidence of expanding business activity and more widely distributed economic betterment stands clearly recorded. In many directions the gains have exceeded expectations. The strength of Canada's recuperative power, the success of our constructive efforts, both as individuals and as governments, and the improvement in world economic conditions gen-

erally are seen in the growing volume of newly created wealth finding broader domestic and foreign markets and in the renewed spirit of confidence and enterprise on the part of our people.

I shall have occasion later to refer to the less satisfactory aspects of current developments and to certain signals which may point to danger ahead. Viewing the situation broadly, however, in the light of the progress of the past year and the major underlying forces at work, I believe I can fairly say that since 1929 no New Year has dawned with brighter promise for Canada. I shall be greatly disappointed if, by this time next year, Canada has not moved substantially further along the road of economic recovery.

I shall now present, with as little resort to statistics as possible, a few of the more significant evidences of our economic progress during the past year. Consider, first, our most comprehensive measure of economic activity in Canada, the index of the physical volume of business. This index is made up from forty-five important factors, and measures the physical volume of output in nearly all our leading industries as well as freight traffic on our railways, construction activity, and domestic trade. At the low point of the depression in February, 1933, this index had fallen to 67 as compared with 100 in 1926. The average level of this same index for the final quarter of 1936 was 119.3, an improvement of over 78 per cent from the low point and of more than 10 per cent as compared with the last quarter of 1935. The preliminary index for January, 1937, the latest month for which the figure is available, stood at 117.3 as compared with 106.2 in January, 1936.

This substantial improvement in business as a whole is confirmed by other broad indicators of general economic activity such as electric power production and carloadings. During 1936, the output of electric power established a new record, the total being 8.9 per cent higher than that for 1935, which was the previous record year. During 1936 also

the railways carried more freight, total carloadings increasing by $5\frac{1}{2}$ per cent. The improvement in carloadings has been greatly accelerated since the beginning of the year. Total cars loaded in January, 1937, exceeded the figure for January, 1936, by about 20 per cent, and were greater than in any previous January since 1931. Railway freight traffic is still substantially below the volume of the years 1926-29, but the return of normal grain crops in the west and restoration of construction activity with normal building material shipments would eliminate much of this differential and produce a radical change in the earning position of the two railway systems.

MANUFACTURING

Manufacturing of all kinds showed a generally well-sustained growth during the past year. The gain over the preceding year was 10 per cent, and the output was greater than for any previous year since 1929. Output of automobiles was somewhat lower in 1936 than in 1935, but this was due to the production of some of the new 1936 models in the fall of 1935. In the case of pig iron and steel production, one of our major capital goods industries, the upward trend is now clearly defined, steel output rising by 18 per cent in 1936 to the highest point since 1929. In general, the capital goods industries which normally suffer so severely in depressions and thus contribute so greatly to the spread of unemployment, have in the past year shown a marked increase in activity, recording gains in output of over 8 per cent. This improvement, which may be regarded as one of the most significant features of the recovery in 1936, may reasonably be expected to be accelerated during the present year, as the latent demands arising from equipment replacements and plant extensions exert further impetus.

FORESTRY

Activity in the forest products industries throughout 1936 showed truly remarkable gains over 1935, the general index for this group having moved up more than 25 per cent from December, 1935, to December, 1936. In British Columbia the lumber cut increased by about 15 per cent. Exports of planks and boards to the United States increased by more than 55 per cent as compared with 1935, while sales to the United Kingdom were almost 40 per cent higher. Expanding output has brought a most heartening increase of employment in logging. The seasonally adjusted index for the final quarter of 1936 recorded an average improvement of more than 28 per cent over the same period

in 1935. Since the turn of the year, unfortunately, activity in the industry has been retarded because of weather conditions—too much snow in some sections, too little in others.

The production of newsprint in Canada soared to a new high point in 1936 with an output of more than 3,200,000 tons. This represents a gain of 16 per cent over 1935, and of 66 per cent over 1932, the low year of the depression in this industry. This output means that Canadian mills operated at an average of over 82 per cent of rated effective capacity for the year as a whole, and at 91 per cent of rated effective capacity in the last quarter. The increase in demand for Canadian newsprint, chiefly in the United States but also to an increasing extent in other world markets, and the probability of a moderate rise in prices augur well for the immediate future of this important industry which for so long has suffered from actual or threatened bankruptcy.

MINING

An ever-mounting total of wealth continues to flow from our mines. In 1936 the value of our output reached the imposing total of over \$360,000,000, an increase of more than 15 per cent over that for 1935, the previous peak year for mineral output in Canada. At current production levels our mines are turning out wealth at the rate of a million dollars a day. While gold continues to hold the spotlight with an output of \$130,000,000 in 1936, or double that of ten years ago, and with many new mines still coming into production, yet the other metals, such as nickel, copper, lead and zinc, are finding an increasingly important place in the growing volume of our mineral exports. Canada's base metal industry has undergone remarkable changes in the last ten years as the result of an expenditure of almost \$100,000,000 in plant extension and equipment and the coordination of mining, smelting, refining, fabricating and marketing facilities. In the production of nickel, lead, zinc, the platinum metals, asbestos and salt, new all-time records were established in 1936 and the output of coal was greater than in any previous year since 1929. As in the case of the lumber industry, the mining industry in its expansion is showing a steadily mounting pay-roll. The seasonally adjusted index of employment in mining was over 12 per cent higher in December, 1936, than in December, 1935, while the index of employment in metal ores moved up about 20 per cent during the past year. It is extremely gratifying to note this movement of our people into primary indus-

tries, where they find profitable occupation in the output of natural products with which Canada is so bountifully supplied.

AGRICULTURE

Agricultural production suffered in 1936 through unfavourable weather during the growing season. Improved prices, however, resulted in a money return for field crops greater than in any year since 1930, amounting to approximately \$600,000,000, an increase of about 17 per cent over 1935.

With regard to wheat, the 1936 yield was about 52·7 million bushels below that of 1935, and was the smallest crop since 1919. Drought conditions again played havoc in certain areas, destroying crops completely in some districts and reducing to meagre levels the yield in others. In spite of the smaller 1936 yield, however, the value of this crop was substantially above the value of the 1935 crop due to greatly enhanced prices, which are again reaching levels which promise more profitable and stable conditions for the western farmer.

During 1936 an increasing volume of live stock was marketed, but with prices slightly less favourable than those prevailing in the previous year. The Bureau of Statistics' index of live stock sales rose over 12 per cent above the previous year's average. For the dairy industry generally, prices were moderately higher during the past year. There was a striking increase in cheese exports, and the volume moving abroad in 1936 was more than double the amount exported in 1935 with prices higher than at any time since 1930.

Recent price movements have operated distinctly in the direction of reducing the farmer's handicap. As the house well knows, the farmer was particularly hard hit in the collapse of prices following 1929, and we find that by 1932 the average level of prices for farm products was down to 48·4 per cent of the average level in 1926. Since that time, however, prices have greatly improved, particularly in the past year, and by the end of 1936 this index had moved up to 82·4. While prices of things which the farmer sells have been moving upward, there has been relatively little change in the prices of things which he buys. In fact, taking 1926 prices as equal to 100, we find the retail price index in December, 1936, standing at 81·8, while, as noted above, prices of agricultural products had reached the 82·4 level, after a rapid rise in the last few months of the year. At the end of 1936, therefore, the farmer's relative position, as far as prices were concerned, was slightly better than in 1926.

Wide disparity between prices of primary and finished products is perhaps the most significant feature of what we call a depression, and it is greatly to be hoped that this approximate parity between agricultural and other prices can be maintained.

WHOLESALE PRICES

The general level of wholesale prices which had been remarkably stable in Canada since 1933 has finally begun to move sharply upwards. During 1934, 1935, and the first half of 1936, the Bureau's index fluctuated narrowly around 72 per cent of the 1926 level. In the last half of 1936, however, the wholesale price index rose by over 10 per cent to 79·7 at the close of the year, an upturn that has restored wholesale prices to the level prevailing at the end of 1930. This rise in prices is a world-wide condition and the forces which have brought it about continue to be effective. One may express the hope that such forces may not be allowed to get out of hand. While they may correct the economic disparities from which we have recently suffered, and while they may give every evidence of abounding prosperity for a time, they are likely, if the pace is too rapid, to create new disparities and plunge us once more into the throes of depression.

FINANCIAL CONDITIONS

An obvious indicator of the general state of our economic health is the volume of dividend distributions by corporations. It is gratifying to report, therefore, that reliable estimates of profits for the past year were the highest since 1930, and reveal an increase of more than 13 per cent over the 1935 total. An unofficial index of dividends distributed stood at 117 for December, 1936, against 100·1 for December, 1935, and 62·5 at the low point in August, 1933. Profits are the mainspring of economic activity in the system under which we operate. Increasing profits are therefore the best augury for increasing employment, the best indication of the approach of the day when private industry will be able to release governmental bodies from the enormous burden which they have had to bear in recent years.

In the financial field, conditions have remained generally favourable. The year 1936 witnessed a striking increase in the volume of capital issues publicly floated. Bond issues publicly offered in Canada for new capital and for refunding purposes, excluding treasury bill issues, are estimated to have reached a total of \$715,000,000 as compared with \$541,000,000 for the previous year, an increase of over 32 per cent. Of this 1936 total, \$242,000,000 was for new capital and

\$473,000,000 for refunding purposes. Financing for private corporations accounted for \$232,000,000 of the total in 1936, or more than five times the total of such financing during 1935. The increasing volume of such private corporate issues and the increasing proportion of such issues offered for new capital purposes are healthy signs.

This heavy volume of bond flotations is in part a reflection of prevailing low interest rates. The wages of money, as measured by the yield on high grade bonds, averaged lower in 1936 than at any time since before the war. These low rates have made it possible for the dominion government and for the eastern provinces to refund outstanding obligations and to raise new funds at record low cost. For short term money the dominion is paying on a yield basis of approximately three-quarters of 1 per cent per annum, while on long term issues the rate has been only slightly over 3 per cent. Except for an interruption in September and October, the trend of high grade bond prices was steadily upward during 1936. An unusual number of actual or pending flotations and fears engendered by the weak financial position of certain western provinces, coupled with unfavourable developments in foreign markets, have caused some hardening of the rates during the past month. The somewhat lower levels of bond prices resulting have attracted renewed investment buying and yields on high grade securities for the most part are still slightly above the levels prevailing a year ago. The continuance of interest rates on substantially the present basis will foster economic recovery by encouraging private enterprise to expand existing equipment and undertake new projects on a low capital cost basis.

PROVINCIAL FINANCE

It is unfortunately true, however, that the financial position of several of our provincial governments is such that they are unable to take advantage of prevailing low interest rates in order either to reduce their fixed charges by refunding outstanding debt or to obtain new funds for relief and other expenditures. Despite drastic efforts to reduce expenditures and increase taxes, and despite a long record of honourable dealing with their creditors, they have been unable either to balance their budgets or to have recourse to the investment market for the funds necessary to meet their commitments.

This is a problem to which the government has given the most serious and unremitting attention since the day it assumed office. I need not recount the efforts which were made last year to find a solution. The plan

then evolved which would have made low rates available to the provinces as a result of dominion assistance under appropriate safeguards, proved unacceptable in several quarters. The acute stage which the problem has reached in Manitoba and Saskatchewan during the recent past led the government to make the decision which was announced by the Right Hon. the Prime Minister (Mr. Mackenzie King) to the house last week. That decision followed investigations which demonstrated what had long been recognized as a fundamental weakness in the allocation of financial powers and responsibilities to the provincial governments by the Fathers of Confederation seventy years ago. The revenue-raising powers assigned to the provinces do not appear to be commensurate with the responsibilities which they were given or which they have assumed in an age of increasing provision for governmental social services. It is a basic principle that a government should be able to stand financially upon its own feet—that it should itself be responsible for raising the revenue necessary to meet its own needs. I look therefore with great confidence to the results of the investigation into this whole problem to be made by the Royal Commission which is to be appointed. If this investigation and report are as competent, as impartial and as constructive as the occasion demands, they may well serve to point the way to such action as to make the year 1937 as significant in Canadian history as the year 1867.

In this connection may I pay tribute to the assistance given by the Bank of Canada in conducting the preliminary investigation of the financial position of these two provinces at the request of their governments and of this government. The Province of Alberta has now requested a similar investigation. As the house knows, the Bank has power to act, upon request, as the fiscal agent and the adviser of any provincial government. We now have an illustration of the important contribution which the Bank may make to the financial welfare of the dominion merely by providing a source of competent and disinterested advice to our major governments.

MONEY AND BANKING

Our banking system currently finds itself with ample reserves for the accommodation of commercial borrowers. While the volume of commercial loans is abnormally low, there have recently been indications of growth, and a moderate increase is expected during the present year. Contrary to the prevailing belief in some quarters, the banks will heartily welcome the opportunity thus provided to invest their funds at somewhat higher rates

than have recently been available on gilt-edge securities. It is also encouraging to note in recent banking statistics that debits to individual bank accounts in the clearing house centres of Canada—in other words, the cheques drawn by the public on their bank accounts—showed an increase in December, 1936, of 16 per cent over December, 1935. We have to go back to 1930 to find an annual volume of debits exceeding the level reached last year. This indicates, Mr. Speaker, that the velocity of circulation of cheque-book money is speeding up with the rising tempo of business activity and the increase in public confidence.

This is the factor so frequently forgotten by advocates of monetary panaceas. The volume of money-work done is the product of the amount of money multiplied by its velocity of circulation. An arbitrary increase in the amount of money by the fiat of a government is likely to defeat its object by a proportionate or more than proportionate decrease in the velocity factor. If the increase in the volume of money continues beyond a certain but unpredictable point, public confidence is lost altogether and a flight from money occurs. In the early stages of a severe and prolonged depression credit expansion may be an essential weapon to combat the deflationary forces at work. It must, however, be recognized as a very dangerous weapon requiring the use of expert technique as well as great wisdom and caution. The control of the volume of money and credit with a view to mitigating the extremes of booms and depressions is one of the primary functions of a central bank. The easy money policy which has been followed in the recent past is, in my opinion, an illustration of appropriate action in a time of depression. There will come a time, however, and it may come more quickly than many of us expect, when precisely the opposite policy will have to be followed, if the best interests of the country are to be served.

Monetary policy has a role to play during depressions. That role is an important one; although I am bound to say that as a medicine for depressions monetary techniques are far more effective when applied before rather than after the event. During the present depression, more deliberate use has been made of monetary devices and remedies than in any previous depression. This is largely to be explained by the great advances made in monetary theory and central banking practice during the post-war years and, in so far as Canada is concerned, by the fact that we have only recently been building up the necessary mechanisms for control. But monetary policy should not be regarded as a panacea. It can, at best, only create conditions favourable to sound development. In a constructive program it should

merely take its place as part of a much larger whole. Fundamentally our need is an increase in our aggregate national income—an increase in material wealth, not a different yardstick by which to measure it. Real purchasing power consists in goods and services produced, not in the number of monetary tickets which are used to facilitate the exchange of these goods and services.

NATIONAL INCOME

An increase in our national wealth and income can best be secured by facilitating the production of the many things which Canada is best fitted to produce; and by exchanging these products on as large a scale as possible for products which Canada cannot advantageously produce. To these objectives the government has been energetically devoting itself by opening up and expanding foreign markets for our basic products, by stimulating employment in productive lines, and by endeavouring to eliminate uncertainty and fear which paralyze initiative and retard industrial enterprise. The success of these efforts is indicated in part at least—for I do not wish to claim for the government all the credit for the recovery which we have enjoyed—in the statistics which I have already given, indicating encouraging expansion in nearly all lines of productive activity. These statistics are confirmed by preliminary estimates of the national income for 1936. By national income I mean the income of all the people of Canada—I am not using it in the sense of governmental income. These estimates indicate a total of \$4,520,000,000 as compared with \$4,094,000,000 in 1935. This is an increase of over 10 per cent in the national income, that is, the aggregate of the individual incomes of all the people. It is an increase in real purchasing power, created not merely by writing up a credit to ourselves in our national bank account but by providing profitable opportunities for the production of goods and services. While there is still a substantial distance to go, this advance, like the others which I have recorded, is impressive and gratifying.

In surveying the general outlook, however, we must not close our eyes to the fact that business cycles in their course from depression to full recovery never completely conform to an established pattern. We cannot deduce from past experience that the upward movement must inevitably continue or that it will proceed evenly and satisfactorily in all directions. The point I am making is this, that while the general movement is at present strongly upward, yet we must not lightly assume that we have solved our problems, or that we have by any means reached the stage

where we can relax our vigilance or our economies. We must not lose sight of the fact that, in certain fields, improvement has lagged, and that to a large number of our people the recovery of business has not yet brought the expected relief. In other directions there is more than a suggestion of a mentality that led to the deplorable excesses in the late twenties. Greed and unreasonableness in industrial relations are dangers that can paralyze our best efforts. There are forces unleashed in the recovery period that must be grappled with no less vigorously than those facing us in times of depression. These realities must not be neglected. Furthermore, disturbing factors in international relations still perpetuate much uncertainty in the world outlook. To these less favorable factors I wish to devote a few moments.

CONSTRUCTION

Apart from those sections of our agricultural industry which have suffered from the ravages of drought, the most conspicuous laggard among our major industries has been private construction. While there was a very slight improvement in total private building, and a moderate increase in residential and industrial building, the Bureau's index for construction activity averaged slightly lower in 1936 than in 1935, and stood at the deplorably low level of 49.8. The value of contracts awarded amounted to only \$162,000,000 as compared with an average of \$428,000,000 in the prosperous years from 1925 to 1929. This is especially unfortunate in view of the fact that so large a proportion of our unemployment is to be found in the construction trades and the industries dependent upon them. It was for this reason that the Home Improvement Plan has been devised and it is confidently hoped that during the next twelve months it will lead to a substantial volume of repair and modernization work which will transfer skilled craftsmen from relief rolls to pay-rolls, and at the same time serve to protect and increase the value of an important capital asset, the homes of our people.

As already indicated, the betterment and extension of industrial plant and equipment should also make a larger contribution to employment and business activity during the present year. Improvement should also occur in the field of housing construction, long retarded by uncertainty as to continuance of employment and particularly by high real estate taxation. It is obvious, however, that these difficulties are in part at least the result of a vicious circle. Real estate taxes are high, for instance, because relief costs are high; relief costs are high because unemployment

is heavy; and unemployment is heavy, to an important extent, because the building industry is inactive. Conversely, the building industry is inactive because all these other things are true. We are now reaching the stage in the recovery movement when this vicious circle must be broken. In my opinion, therefore, it behooves every branch of the construction industry, including the lending institutions which finance the repair and erection of houses, to study the facilities now available through the government's housing programs and to use the utmost ingenuity in providing a sound product at a reasonable price and in selling that product to the ultimate consumer. Public works construction cannot be continued indefinitely on the scale of recent years without building up an intolerable burden for the future. If it must be kept up in the late stages of a recovery movement, what hope can there be that governments will be in a position to use public works requirements as a reserve against future depression?

If the construction industry makes the effort which I have indicated, and if it receives, as it should, the hearty cooperation of the general public, the results will go far to solve the next problem with which I wish to deal, that of unemployment and relief. The Bureau of Statistics publishes monthly an index of employment which is reasonably representative of all industries. It is based on returns submitted by about 10,000 firms employing approximately 1,000,000 persons. After adjustment for seasonal variations, this index stood at 111.1 for January of this year. Compared with January, 1935, this represented an improvement of about 5 per cent. In the field of manufacturing, employment moved up 6 per cent. In lumbering and mining, as mentioned previously, it showed substantial gains, while wholesale and retail trade employment in December was at the highest December figure on record. In the construction and maintenance industries, however, the index showed an actual decrease of employment which brought down the general average.

EMPLOYMENT AND RELIEF

The disheartening aspect of these figures, however, is the obvious failure of employment to keep pace with the striking gains in business activity previously reported. Partial explanation of this is to be found in the substitution of full-time for part-time work and in the taking up of the "slack" which previously existed as a result of redundant staffs maintained by many employers who were reluctant to dismiss employees not really needed. For the rest, the explanation rests

upon the progress of invention and the improvement in technical and managerial processes. To this extent it is a phenomenon which is usually met with in the early stages of recovery from depression. As it indicates an increased efficiency in the productive mechanism, its results are not to be deplored. Its ill effects are temporary; in the long run it increases employment by cheapening production and expanding consumer purchasing power. As recovery gathers momentum, increases in employment will tend to conform more closely to expansion in business activity.

Still more disheartening to most observers is the failure of the numbers on relief to decline proportionately with the revival of business. The registration of relief recipients maintained by the National Employment Commission, the results of which are now available on a preliminary basis for last month, indicates that as compared with January, 1936, heads of families on relief rolls in January, 1937, had decreased by 8 per cent and the total number of individuals on relief by 5 per cent. Excluding those on relief in the drought area, the respective declines were 11 per cent and $7\frac{1}{2}$ per cent. These decreases are of sufficient importance to confirm our belief that with expanding activity, industry will be able to re-absorb at least that portion of our relief recipients who are employable. However, to those observers who look for an early end to the relief problem the decline during the past year will appear discouragingly small. In addition to the factors mentioned above, the explanation for the slow rate of reabsorption is to be found in the fact that the new jobs opening up are being taken in large part by persons who were unemployed but not on relief, and by the new recruits who annually leave our schools and colleges to join the ranks of industrial workers.

It is probably true, Mr. Speaker, that a hard core of unemployment and relief will always remain. Doubtless there will be a number of those in the higher age brackets, who have been on relief for several years, who may be permanently "unemployable." Even in the best of times, we have always had unemployment, but the unemployed have not been "in the statistics" nor a charge upon public funds to the same extent as to-day. The depression will leave us with a new problem which will demand new methods of treatment from the appropriate authorities.

I am convinced, however, that in the policies now being followed and in the economic forces now working with increasing momentum, the present and major problem will rapidly be reduced to manageable proportions. The

real solution must come, and is coming, through the expansion of private enterprise, based on conditions favourable to the more extensive development of our primary and other industries. The fostering of private construction along sound lines, as already indicated, will also make an important contribution. As real purchasing power thus created becomes more broadly diffused throughout our economy, we will find the problem of relief dwindling in its proportions. In the meanwhile, the situation also demands important supplementary activities such, for instance, as the National Employment Commission is sponsoring as part of its contribution to the solution of this national problem. I refer particularly to the farm placement scheme, the Home Improvement Plan, the co-ordination of the efforts of various governmental bodies and private organizations with regard to youth, the organization of community cooperation, and measures designed to bring about a more efficient and economical administration of direct relief.

SPECULATIVE ACTIVITY

It may seem ironical for me to sound a warning about a problem of prosperity whilst we are still harassed by the problems of depression. Evidence is accumulating, however, of the prevalence of a state of mind which justifies a warning signal. If we may judge by the activity in brokerage offices, the rapid rise in stock market prices, and the ratio of stock prices, particularly in some sections of the market, to nearby earnings and dividend prospects, we are forced to recognize a revival of that get-rich-quick spirit which proved so disastrous in the pre-depression years. As business activity increases and especially if the commodity price level shows a rapid rise, this speculative fever is likely to become more widespread and more hectic, creating false standards of value and an unbalanced development with their inevitable aftermath. It is not too early, therefore, to call attention to these potential dangers and to express the hope that adequate measures may be taken with sufficient promptness to keep unsound developments in check. The Bank of Canada has the power to control the total volume of credit in circulation, but if the amount of credit flowing into the special channel of speculation is to be regulated there will be needed the effective cooperation of the stock exchanges and the banking institutions which will be called upon increasingly to finance speculative activity. We are, I hope, too close to 1929 to forget the necessity of ordered progress and well-balanced development.

INTERNATIONAL SITUATION

Finally, a word as to the international situation. On the financial and economic side, the year has brought much of encouragement. Perhaps the most significant development in this connection was the devaluation of the gold currencies of continental Europe. After years of resistance, during which continuing deflation in an important area constituted an important barrier to world recovery, most of these "gold bloc" countries finally took the inevitable step and adjusted their monetary units in order to correct the overvaluation of their exchanges. In this operation they were assisted by an international understanding that the United States, Great Britain and France would use all available means for keeping their currencies approximately stable in terms of each other. This cooperative agreement, which Holland and Switzerland have since joined, marks a notable advance in international collaboration in the field of monetary management. Not only has the devaluation thus effected with international support resulted in a greater degree of stability and certainty in exchange rates but it has placed the economic structure of the gold bloc countries in a position of better equilibrium with other countries, an essential condition for sound world recovery. It has also removed one of the major reasons for the exchange controls, quota arrangements and other restrictions which have been strangling international trade. Already some tentative steps have been taken in certain European countries to relax tariff barriers and trade restrictions. International trade has felt some impetus from this stimulus as well as from the greater stability in exchange markets and particularly from the rise in world prices for primary commodities.

World trade as a whole, however, has not made the progress which one might have hoped for, and in some areas there are still evidences of financial or economic strain. Nevertheless, in most countries, as in Canada, the signs point to continued progress if only peace can be preserved and political friction reduced. Looking back on 1936, however, one cannot pretend that political pro-

gress has kept pace with economic improvement. War and the fear of war appear to loom larger in men's eyes than at any time in recent years. Rival ideologies clash in the press and the chancellories of Europe; doubt appears to have been cast for the moment at least upon the value of cooperative undertakings and the sanctity of international commitments; and an increasing proportion of national income goes into expenditure for armaments. Regret it as we must, realism compels us to face the facts squarely and take these potential dangers into our reckoning when we look to the future. Perhaps the best hope for peace lies in the fact that the dangers are so clearly realized. Where all can see the danger it may not be too much to hope that sufficient wisdom will be found among the nations to avert catastrophe.

I propose on this occasion to defer the review of the growth in our foreign trade and also of our treaty negotiations with other countries until I have discussed the public accounts for the year.

II

GOVERNMENT ACCOUNTS, 1936-37

With reference to the government accounts, may I first point out that, because of the early date at which the budget is being brought down, the figures which I shall present for the current fiscal year ending March 31 next are estimates only. I trust that our estimates of revenue and expenditure will be very close to the actual results disclosed when the books for the year are closed, but it will be recognized that they are approximations only and, also, that it is especially difficult at this time to present our annual balance sheet.

Following the procedure of last year, I shall first, with the permission of the house, place on Hansard a number of tables giving a complete summary of revenues and expenditures under the various categories and of the total deficit or increase of net debt for the current year, together with comparative figures for the four preceding fiscal years. The tables follow:

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(000 omitted)

	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	\$	\$	\$	\$	\$
Tax Revenues—					
Customs import duties.....	70,073	66,305	76,562	74,004	81,500
Excise duties.....	37,834	35,494	43,190	44,410	45,500
War tax revenues—					
Banks.....	1,328	1,336	1,369	1,281	1,255
Insurance companies.....	826	742	750	761	763
Income tax.....	62,067	61,399	66,808	82,710	102,000
Sales tax.....	56,814	61,392	72,447	77,552	115,500
Manufacturers', importations, stamps, transportation taxes, etc.....	25,377	45,184	39,745	35,181	38,100
Tax on gold.....	—	—	3,573	1,413	—
Total revenue from taxes.....	254,319	271,852	304,444	317,312	384,618
Non-Tax Revenues—					
Canada Grain Act.....	1,445	1,236	1,205	1,213	1,402
Canada Gazette.....	74	56	47	49	49
Canals.....	831	878	838	890	1,782
Casual.....	3,205	3,622	4,337	4,636	5,432
Chinese revenue.....	9	6	6	6	6
Dominion lands.....	459	419	516	458	475
Electricity.....	298	440	485	542	615
Fines and forfeitures.....	212	178	90	295	392
Fisheries.....	5	39	43	42	54
Gas inspection.....	84	76	96	91	90
Insurance inspection.....	160	149	139	147	152
Interest on investments.....	11,221	11,148	10,963	10,614	11,218
Marine.....	178	208	218	222	223
Mariners' fund.....	180	188	181	187	204
Military college.....	20	20	20	20	20
Militia pensions revenue.....	166	165	174	178	183
Ordinance lands.....	17	18	16	16	17
Patent and copyright fees.....	539	429	426	455	455
Penitentiaries.....	121	98	74	68	50
Post Office.....	30,928	30,893	31,248	32,508	34,310
Premium, discount and exchange.....	146	—	752	36	—
Public Works.....	213	250	254	251	221
Radio licenses.....	1,404	1,291	1,487	1,574	1,000
R.C.M.P. officers' pensions.....	12	12	9	11	14
Weights and measures.....	394	400	407	401	406
	52,321	52,219	54,031	54,910	58,770
Total ordinary revenues.....	306,640	324,071	358,475	372,222	443,388
Special Receipts—					
Sundry receipts.....	4,490	409	3,397	320	8,125*
Other Credits—					
Refunds on capital account.....	500	90	80	27	565
Credits to non-active accounts.....	105	91	21	27	45
Total Receipts and Credits.....	311,735	324,661	361,973	372,596	452,123

* Includes \$8,000,000 from Canadian Wheat Board to be taken into the accounts as an offset, in part, to the disbursements in 1935-36 *re* losses on 1930 wheat pool and stabilization operations.

STATEMENT OF EXPENDITURES BY DEPARTMENTS FOR
THE LAST FIVE FISCAL YEARS

(000 omitted)

Ordinary expenditures	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	\$	\$	\$	\$	\$
Agriculture.....	8,066	6,996	7,107	9,399	8,929
Auditor General's Office.....	380	376	377	429	423
Civil Service Commission.....	244	221	221	259	308
External Affairs, including Office of Prime Minister.....	863	974	1,427	1,290	1,381
Finance—					
Interest on Public Debt.....	134,999	139,725	138,533	134,549	137,405
Cost of Loan Flotations.....	1,639	2,550	2,890	3,577	3,900
Premium, Discount and Exchange (net).. Subsidies to Provinces.....	—	167	—	—	300
Special Grants to Provinces.....	13,677	13,728	13,769	13,769	13,769
Other Grants and Contributions.....	1,600	1,600	1,600	3,975	3,225
Civil pensions and superannuation.....	499	396	467	736	643
Government contribution to Superannua- tion Fund.....	1,098	1,032	943	854	797
Old Age Pensions.....	2,270	1,986	1,948	1,875	2,025
General Expenditure.....	11,513	12,314	14,942	16,764	22,500
Fisheries.....	2,050	3,152	3,939	3,735	3,667
Governor General's Secretary's Office.....	1,787	1,596	1,641	1,710	1,750
Immigration and Colonization.....	136	136	133	138	144
Indian Affairs.....	1,689	1,374	1,269	1,322	1,333
Insurance.....	4,499	4,380	4,362	4,869	4,921
Interior.....	161	152	156	163	175
Justice.....	3,503	2,857	2,750	2,939	2,963
Penitentiaries.....	2,691	2,711	2,718	2,748	2,780
Labour.....	2,870	2,677	2,667	2,377	2,449
Technical Education.....	605	561	581	660	725
Government Annuities—Payments to maintain reserve.....	202	129	91	99	100
Legislation—	289	184	146	272	541
House of Commons.....	2,210	986	1,796	1,486	1,749
Library of Parliament.....	65	69	71	76	77
Senate.....	747	286	491	491	599
General.....	81	62	95	55	75
Dominion Franchise Office.....	—	—	1,545	498	46
Chief Electoral Officer, including elections	56	32	146	1,089	80
Marine.....	5,802	5,439	5,742	5,857	5,723
Canadian Radio Broadcasting Commission	149	1,025	1,249	1,500	878
Mines and Geological Survey.....	1,049	909	965	1,040	1,180
Movement of Coal and Domestic Fuel Act.. National Defence—	1,220	2,772	2,124	2,103	2,304
Militia Service.....	8,719	8,773	8,853	10,141	11,416
Naval Service.....	2,167	2,171	2,222	2,380	4,851
Air Service.....	1,731	1,685	2,258	3,777	6,229
Sundry Services.....	1,133	847	847	879	1,001
National Revenue (including Income Tax).. Pensions and National Health—	10,846	10,360	10,166	10,963	11,272
Treatment and after-care of returned soldiers.....	10,511	9,571	10,127	11,060	12,041
Pensions, War and Military.....	44,183	42,923	43,232	42,790	43,092
Health Division.....	924	802	809	993	880
Post Office.....	31,607	30,554	30,252	31,438	32,417
Privy Council.....	47	49	46	46	46
Public Archives.....	174	157	209	165	167
Public Printing and Stationery.....	231	172	368	169	175
Public Works.....	13,108	10,827	9,905	12,945	14,643
Railways and Canals.....	3,684	3,315	4,581	4,250	4,204
Maritime Freight Rates Act.....	1,922	1,989	2,529	2,348	2,420
Railway Grade Crossing Fund.....	318	310	275	128	104
Royal Canadian Mounted Police.....	5,820	5,528	5,970	6,165	5,910
Secretary of State.....	606	387	395	705	649
Soldier Settlement.....	819	810	746	762	858
Trade and Commerce.....	3,276	3,007	3,057	3,458	5,717
Canada Grain Act.....	2,026	1,759	1,679	1,848	1,827
Mail Subsidies and steamship subventions	2,082	2,221	2,274	2,426	2,077
Total ordinary expenditure.....	354,643	351,771	359,701	372,539	391,860

STATEMENT OF EXPENDITURES BY DEPARTMENTS FOR THE LAST FIVE
FISCAL YEARS—*Continued*

(000 omitted)

	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
CAPITAL EXPENDITURE	\$	\$	\$	\$	\$
Canals.....	3,156	1,986	338	458	52
Railways.....	1,659	754	526	287	217
Public Works.....	4,234	3,840	6,243	5,799	3,178
Total capital expenditures.....	9,049	6,580	7,107	6,544	3,447
SPECIAL EXPENDITURES					
Unemployment Relief Act, 1930.....	548	4	2	26	—
Unemployment Relief Act, 1931.....	17,048	564	52	26	—
Unemployment Relief Act, 1932.....	19,125	6,948	399	111	—
Unemployment Relief Act, 1933.....	—	28,382	2,420	494	—
Unemployment Relief Act, 1934.....	—	—	49,114	1,152	—
Unemployment Relief Act, 1935.....	—	—	—	48,027	—
Unemployment Relief and Assistance Act, 1936—					
Administration.....	—	—	—	—	225
Grants-in-aid to Provinces.....	—	—	—	—	28,930
Dominion share of joint Dominion-Pro- vincial projects—					
Projects undertaken prior to March 31, 1936.....	—	—	—	—	3,700
New Projects.....	—	—	—	—	9,117
Transportation facilities into mining areas.....	—	—	—	—	1,342
Railway maintenance.....	—	—	—	—	2,750
	36,721	35,898	51,987	49,836	46,064
Special Drought Area Relief—					
Direct Relief.....	—	—	—	—	5,490
Feed and fodder and freight thereon.....	—	—	—	—	4,160
Freight charges on movement of cattle...	—	—	—	—	91
					9,741
Dominion Projects (Special supplementary estimates)—					
Projects undertaken prior to March 31, 1936	—	—	—	—	17,360
New projects.....	—	—	—	—	7,014
Miscellaneous.....	—	—	—	—	250
Public Works Construction Acts.....	—	—	8,673	29,581	—
Wheat Bonus.....	1,811	—	—	—	—
1930 Wheat Crop Equalization Payments Act.....	—	—	—	6,600	—
Loss on 1930 Wheat Pool and stabilization operations—					
Payment to Canadian Wheat Board of net liability assumed as at Dec. 2, 1935.	—	—	—	15,856	—
Loss on 1930 oats pool under guarantee of bank advances to Canadian Co-opera- tive Wheat Producers Limited.....	—	—	—	174	—
Total special expenditures.....	38,532	35,898	60,660	102,047	80,429

STATEMENTS OF EXPENDITURES BY DEPARTMENTS FOR THE LAST FIVE
FISCAL YEARS—*Concluded*

(000 omitted)

	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	\$	\$	\$	\$	\$
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Fund—					
Canadian National Railway System, ex-					
eastern lines.....	53,423	52,264	42,590	41,796	37,449
Eastern lines.....	8,717	6,692	5,818	5,625	5,854
Canadian National Steamships.....	—	—	—	270	—
National Harbours Board.....	—	—	—	1,126	250
Total charged to consolidated fund.....	62,140	58,956	48,408	48,817	43,553
Loans and advances non-active—					
Canadian National Steamships.....	*1,382	*14	487	*333	*1,500
Harbour Commissions.....	4,897	2,110	1,242	2,456	2,419
Accounts carried as active assets transferred to non-active assets.....	**62,938	—	—	—	—
Total non-active advances.....	66,453	2,096	1,729	2,123	919
Total government owned enterprises.....	128,593	61,052	50,137	50,940	44,472
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Fund—					
Reduction in soldier and general land settlement loans.....	—	1,766	469	488	500
Yearly established losses in seed grain and relief accounts—Department of Interior.....	106	91	21	27	45
Non-Active Accounts—					
Canadian Pacific Railway advances (Relief Acts).....	1,447	1,000	—	—	—
Active assets transferred to non-active...	—	—	11	—	†18,765
Total other charges.....	1,553	2,857	501	515	19,310
Grand total expenditures.....	532,370	458,158	478,106	532,585	539,518

* Credit.

** Canadian National Railways—Loans for 1931-32 \$41,121,000; Sundry harbour commissions—Advances prior to 1932-33 \$21,817,000.

† Dominion contribution to Debt Adjustment Program being effected in Provinces of Manitoba and Saskatchewan respecting Drought Area Relief that was financed by the Dominion to Jan. 1, 1935—Manitoba \$805,000, Saskatchewan \$17,960,000.

SUMMARY OF REVENUES AND EXPENDITURES

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	Estimated 1936-37
	\$	\$	\$	\$	\$
Ordinary expenditures.....	354,643	351,771	359,701	372,539	391,860
Ordinary revenues.....	306,640	324,071	358,475	372,222	443,388
Deficit (—) or surplus (+) on ordinary account.....	—48,003	— 27,700	— 1,226	— 317	+ 51,528
Special expenditures.....	38,532	35,898	60,660	102,047	80,429
Less special receipts.....	4,490	409	3,397	320	8,125
Balance.....	34,042	35,489	57,263	101,727	72,304
Add—Capital expenditures.....	9,049	6,580	7,107	6,544	3,447
“ Government Owned Enterprises.....	128,593	61,052	50,137	50,940	44,472
“ Other charges.....	1,553	2,857	501	515	19,310
	173,237	105,978	115,008	159,726	139,533
Less other credits.....	605	181	101	54	610
	172,632	105,797	114,907	159,672	138,923
Add deficit or deduct surplus as above.....	48,003	27,700	1,226	317	51,528
Total deficit or increase of direct net debt	220,635	133,497	116,133	159,989	87,395

REVENUES 1936-37

For the year as a whole, we estimate that total revenue from taxation and all other sources will aggregate \$452,123,000. This total is almost \$80,000,000 in excess of that for the preceding fiscal year and is exceeded by the revenues of only one other year in the history of the dominion, the fiscal year ended March 31, 1929, when total collections slightly exceeded \$460,000,000. Looking at it from another point of view, it represents an increase of 45 per cent as compared with 1932-33, the low year of the depression. While taxpayers may greet this news with mixed feelings, I think it will be generally accepted as a striking tribute to the recuperative powers of the Canadian economy and a convincing confirmation of the reality of the economic recovery which I have outlined in the earlier part of this address. A portion of this increase of course is due to the increased taxes imposed last year, but essentially, expanding government revenues reflect and confirm the increase in national income.

The revenue from all tax sources will amount to \$384,618,000, an increase of \$67,306,000 over last year. To this increase, all our major forms of taxation contributed.

The sales tax is now the largest single source of government revenues. For the year we estimate a total yield from this tax of \$115,500,000 an increase of \$37,948,000 over the

preceding year. As the rate of this tax was raised last year from 6 to 8 per cent, it may be estimated, assuming no retarding effect on business from the higher rate, that \$28,875,000 of the increase was due to the increase in rate and the remainder to the improvement in business activity and to higher price levels.

The second largest producer of revenue was the income tax, which we estimate will yield during the current year \$102,000,000. This is also a gratifying increase over the previous year—\$19,290,000—and is attributable largely to the improvement in corporate and individual incomes, although the increase of 1½ per cent in the corporate income tax rate is estimated to be responsible for approximately \$5,840,000 of the increase. Of the total receipts, \$58,400,000 will come from corporations, \$8,700,000 from the five per cent tax on interest and dividends, and \$34,900,000 from the tax on individual incomes.

Excise duties, imposed chiefly on liquors and tobacco, are expected to yield \$45,500,000, an increase of slightly over \$1,000,000 as compared with last year.

Receipts from customs duties show an increase of almost \$7,500,000. Last year you will recall that \$74,004,000 was derived from this source as compared with \$76,562,000 during the preceding year. We estimate a total yield this year of \$81,500,000. While this is still less than half the customs revenue received during 1929 or even 1920, the increase

this year amounted to 10 per cent, and there is evidence of an increasing rate of gain during recent months.

Special excise taxes will show an increase from \$35,181,000 to \$38,100,000. This increase is accounted for chiefly by increased receipts from the 3 per cent special excise tax on importations and the tax on transfer of securities. There was a slight decrease in receipts from the tax on bank notes due to the statutory decrease in chartered bank note circulation.

Non-tax revenues, that is, the revenues derived from investments and various departmental services, are expected to aggregate \$58,770,000, an increase of \$3,860,000 over the previous year. The largest increase in this group will be attributable to Post Office revenues which are estimated at \$34,310,000 as compared with \$32,508,000 for the year 1935-36. The nominal surplus on Post Office operations is estimated at \$1,893,000. In calculating this surplus we have included in expenditures of the department the cost of civil government. It has frequently been pointed out, however, that the Post Office accounts do not provide, on the expenditure side, for the rental value and other costs of premises occupied and equipment used, nor on the revenue side do they include any credit to the Post Office for services rendered to other departments through the free use of the mails.

During the current fiscal year, we estimate that special receipts and other credits will total \$8,735,000, as compared with \$374,000 the previous year. This is mainly accounted for by the fact that we expect to take into our revenues \$8,000,000 received from the Canadian Wheat Board which will represent an offset in part to the disbursement of \$15,856,000 which we provided for last year to recoup the Board for the net liability assumed when it acquired the wheat and wheat contracts held by Canadian Cooperative Wheat Producers Limited in connection with the 1930 wheat pool and stabilization account. It is a matter of congratulation that a liability to our national finances of menacing proportions has been removed. At the close of the last fiscal year the position was such that the government felt it essential not only to pay to the board the \$15,856,000 referred to above, but the further substantial liability shown on the board's books on the basis of closing market prices on March 31, 1936, made it appear almost inevitable that an additional heavy loss would have to be provided for again this year. We were criticized for the provision then made. We were told that we should await the complete disposal of the board's holdings before providing for any losses. It seemed to me, then, and it seems to me now, that it was only the part of ordinary business

prudence to make at least a partial provision for what appeared likely to be a heavy loss. No one is happier than I am to-day to be able to welcome back to the treasury, as a result of good luck and sound policy, a portion of the funds then disbursed.

EXPENDITURES—1936-37

In dealing with expenditures, I wish to emphasize again the importance of concentrating on the aggregate of our expenditures of all kinds and on our over-all deficit rather than on ordinary expenditures and the surplus or deficit on ordinary account. However, for the purpose of analyzing details and making comparisons with previous years, I shall first present the expenditures under the five main categories in which they are now classified in the public accounts.

ORDINARY EXPENDITURES

The ordinary expenditures for the year are estimated at a total of \$391,860,000. This is \$19,321,000 in excess of the expenditures for 1935-36. As ordinary revenues are estimated at \$443,388,000, the so-called surplus on ordinary account would be \$51,528,000, as compared with a deficit on ordinary account last year of \$317,000. As I have indicated, however, this surplus on ordinary account has only slight significance under present conditions.

The largest increase in ordinary expenditures is in the cost of old age pensions, which are estimated for the current fiscal year at \$22,500,000, as compared with \$16,764,000 last year. Most of this increase of \$5,736,000 is explained by the participation this year for the first time of the provinces of Quebec and New Brunswick in the old age pensions arrangement. Other important increases were \$6,320,000 in the cost of national defence (including civil aviation); \$2,856,000 in interest on the public debt; \$1,698,000 in ordinary expenditures on public works; \$1,889,000 in the expenditures of the Department of Trade and Commerce; and finally, an increase of \$979,000 in the ordinary costs of Post Office operations.

CAPITAL EXPENDITURES

Total expenditures charged to capital account will amount to only \$3,447,000, a decrease of \$3,097,000 as compared with the year 1935-36. The chief item is \$3,178,000 for public works construction.

SPECIAL EXPENDITURES

We come now to that important group of items which are classified as special expenditures, and which this year relate solely to disbursements made for unemployment relief purposes. During the year 1936-37 special

expenditures are expected to aggregate \$80,429,000. The decrease of \$21,618,000 as compared with the total for 1935-36 is wholly explained by the absence this year of any disbursements for grain marketing losses. Under the Unemployment Relief and Assistance Act, 1936, total expenditures are expected to reach \$46,064,000. Of this total \$28,930,000 will be accounted for by grants-in-aid to the provinces for direct relief; \$14,159,000 by the dominion's share of joint dominion-provincial projects; and \$2,750,000 by the cost of the special railway maintenance program which it will be recalled was designed to provide work for single homeless unemployed men formerly taken care of by the relief camps.

The serious drought which developed in the three Prairie provinces last summer necessitated relief on so extensive a scale that the government felt obligated to regard the condition as a national emergency and as one therefore which called for special dominion assistance. To meet this unforeseen and emergent problem, funds were appropriated by governor general's warrants to a total amount of \$12,240,000 in order chiefly to pay for the cost involved in purchasing and distributing feed and fodder for live stock in the drought-stricken area and the cost of providing direct relief to families living in the area. Agreements were entered into with the three provinces under which the dominion

agreed to bear 100 per cent of the cost of direct relief in the drought area as defined, 100 per cent of the cost of feed and fodder for live stock, and 50 per cent of the cost of moving live stock into other feeding areas and of the losses involved in shipping low grade cattle out of the drought area to packing companies for conversion into tankage and boneless beef. These agreements contained special provisions for the protection of the government through the assistance of representatives of the Comptroller of the Treasury's office located in the three provinces. It is now estimated that the expenditures under this program will not exceed \$9,741,000 by the close of this fiscal year. Of this amount \$5,490,000 will represent the cost of direct relief and \$4,251,000 the dominion's share of the cost of feed, fodder and freight charges.

The cost of dominion projects carried on under authority of the special supplementary estimates for 1936-37 aggregated \$24,624,000. Of this total \$17,360,000 represented the cost of projects undertaken prior to March 31, 1936, and \$7,264,000 the cost of new projects.

The following table, which I will place on Hansard, compares the expenditures made or to be made for direct relief and various unemployment relief projects during the present fiscal year, with similar expenditures incurred in the preceding fiscal year.

Unemployment Relief Expenditure

	1935-1936	Estimated 1936-37
Grants-in-aid to provinces.. . . .	\$26,274,875	\$28,930,000
Dominion's share of joint dominion-provincial projects.. . . .	10,700,526	14,159,000
Railway maintenance works.. . . .	....	2,750,000
Dominion projects:		
Department of Public Works.. . . .	17,895,218	10,314,000
Department of National Defence.. . . .	10,201,468	4,322,000
National Harbours Board and Department of Marine.. . . .	5,437,008	5,375,000
Department of Interior.. . . .	2,294,291	1,879,000
Department of Agriculture.. . . .	238,500	1,049,000
Department of Railways and Canals.. . . .	942,689	539,000
Miscellaneous and sundry departments.. . . .	1,431,681	1,371,000
Special drought area relief.. . . .	4,000,000	9,741,000
	<u>\$79,416,256</u>	<u>\$80,429,000</u>

GOVERNMENT OWNED ENTERPRISES

The next main category of expenditures is that of government owned enterprises in which is grouped the losses of and non-active advances to government owned enterprises which are operated as separate corporations.

Canadian National Railway Company

Operating revenues of the Canadian National Railway Company increased about \$13,400,000 in the calendar year 1936 over the corresponding figure for 1935, or 7.7 per cent.

However, operating expenses increased by the same ratio and the net revenue after taxes, rentals, etc., available for interest on debt was \$6,600,000 as against \$6,800,000 in the previous year. The increased operating expenses were due in part to the costs absorbed by the Canadian National Railway Company under the various government unemployment relief programs and increased wage rates.

After applying the \$6,600,000 available from earnings to interest charges of \$49,900,000, there resulted a net income cash deficit of \$43,300,000,

which amount has to be paid by the dominion and charged to dominion expenditure in the current fiscal year. This cash deficit compares with \$47,400,000 for 1935, the improvement being entirely due to reduction in interest charges resulting from refunding of securities at lower rates of interest.

It should be borne in mind that there are certain non-cash charges in the railway accounts which should be taken into account in reconciling the above-mentioned figure of cash deficit with the net loss for the year as shown by the annual report of the railway company.

In addition to payment of the railway's deficit, the government will advance \$9,916,000 by way of loan to the Canadian National Railways during the present fiscal year. This will be made up as follows: \$7,053,000 on account of miscellaneous debt retirements under the 1936 budget, and \$2,863,000 representing cost of equipment purchased under the special supplementary estimates. Repayment of \$395,000 was received on account of loans made in the fiscal year 1936 for repairs to equipment under the Supplementary Public Works Construction Act.

During the fiscal year, the government made temporary loans aggregating \$33,032,970 to the company to meet called or matured debt, the major item of which was \$24,220,000 Grand Trunk 6 per cent dominion guaranteed bonds, which were redeemed on September 1, 1936. These temporary loans together with loans aggregating \$2,043,725 carried over from last fiscal year, were repaid from a public issue of dominion guaranteed bonds dated February 1, 1937, in the amount of \$35,500,000. This issue was sold in two maturities: \$15,500,000 2½ per cent seven-year bonds yielding 2.39 per cent and \$20,000,000 3 per cent fifteen-year bonds yielding 3.04 per cent.

Canadian National Steamships

During the fiscal year, the Canadian National Steamships returned \$1,500,000 to the government. This was due mainly to the winding-up of the Canadian Government Merchant Marine. The amount of working capital and insurance fund that had been advanced as a non-active loan in previous years has been returned, in addition to the surplus of \$343,000 accruing from operations during 1936 prior to the sale of the fleet. The operations of the West Indies service in the calendar year 1936 showed an operating surplus, after payment of interest to the public, of \$70,000. This is the first surplus recorded since the inauguration of the service and compares with a deficit of \$270,000 in 1935.

Harbour Commissions

Assistance to harbour commissions appearing as expenditure in our accounts will total \$2,669,000. This amount is composed of \$250,000, representing the operating deficits of the harbour commissions at Halifax, Saint John, Quebec and Chicoutimi. The balance represents non-active advances of \$443,000 for deficit on the Jacques Cartier Bridge, Montreal, and \$1,996,000 for refunding of obligations of the harbour commissions at Three Rivers, Chicoutimi and Saint John, less refunds of \$20,000 representing advances in previous years for capital expenditures at Halifax and Saint John.

The operations of the harbours are conducted on a calendar year basis and 1936 represents the first full year under which the management of the various ports previously administered by harbour commissions was centralized. While the National Harbours Board was not appointed until October last, centralized control has been effective since November, 1935. Net operating income of these harbours before interest on investment and depreciation showed an improvement in the calendar year 1936 of \$1,128,000 over the corresponding figures for 1935.

To sum up, the total amount treated as expenditures in our accounts in connection with the operations of the railways and other government owned enterprises operated as separate corporations was \$44,472,000 as compared with \$50,940,000 for the previous year. This is exclusive of such amounts as are carried in our accounts as active assets, to which reference will be made later.

WRITE DOWN OF ASSETS

During the fiscal year it is estimated that assets will be written down in the amount of \$19,310,000. Apart from the normal write-offs in connection with soldier and general land settlement loans and seed grain and relief accounts, which altogether total \$545,000, this write-off item of \$19,310,000 is explained by the contribution which we propose to recommend to parliament should be made by the dominion in connection with a cooperative program for the adjustment of indebtedness of farmers in the drought areas of Saskatchewan and Manitoba.

The proposal involves the writing off of provincial treasury bills held by the dominion as security for repayment of loans made to these two provinces to enable them to finance relief and seed grain expenditures in the drought areas during the period from May 1, 1931, to January 1, 1935, plus such accrued interest thereon as has been capitalized. The

amount involved will not exceed \$805,000 in the case of Manitoba, and \$17,960,000 in the case of Saskatchewan.

In the supplementary estimates for the current year authority will be sought to transfer these treasury bills in the government's books from "active assets" to "non-active assets" as at March 31, 1937. Final write-off and cancellation by the dominion government will be made on receipt of proof that the two provincial governments, the municipalities concerned and the mortgage lending institutions which have made loans to farmers in the drought areas have also made the required adjustments in debt or tax claims, as the case may be, in order to provide relief for farmers who have suffered from prolonged drought conditions.

SUMMARY OF EXPENDITURES

If we add together the capital and special expenditures, as well as losses of and non-active advances to government-owned enterprises, and the other charges representing write down of assets to which I have just referred, we find that the grand total of expenditures for which the government is responsible during the current fiscal year will aggregate \$539,518,000. This is an increase of \$6,933,000 over the grand total of expenditures for the fiscal year 1935-36. It should be remembered, however, that the total for 1936-37 includes the abnormal item of \$18,765,000 representing the write down of loans made to Manitoba and Saskatchewan during

the years 1930 to 1935. Had this item which relates to transactions of previous years not been included, our total expenditures for the current year would be \$11,832,000 less than those for last year.

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37

In the following table an attempt is made to show the percentage distribution of revenues and expenditures for the current year. Receipts from various taxes and other sources of revenue are shown as percentages both of total revenues and of total expenditures. Similarly several of the main items of expenditure and groups of such items are shown as percentages both of total expenditures and of total revenues. The form of our estimates and appropriations, and the method of classifying accounts make it impossible to achieve precise accuracy in such calculations as those I am now placing on Hansard, and I hope that by another year we may be able to introduce such changes in our procedure regarding estimates and accounts as will make it possible to determine more accurately the real costs of the various important services of government. I think members of the house have long recognized the need for the change I suggest. However, the results shown in the table are sufficiently accurate to enable broad conclusions to be drawn as to the relative burdens imposed on the public treasury by several important services or obligations. I now place the table upon Hansard without further comment:

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37

(000 omitted)

Revenues	Amount (estimated)	Percentage of total Revenues	Percentage to total Expenditures
Ordinary Revenue—			
Income Tax.....	\$102,000	22.56	18.91
Customs Duties.....	81,500	18.03	15.11
Excise Duties.....	45,500	10.06	8.43
Sales Tax.....	115,500	25.55	21.41
Manufacturers', importation, stamp taxes, etc.....	38,100	8.42	7.06
Other tax revenues.....	2,018	.45	.37
Total Revenue from taxes.....	\$384,618	85.07	71.29
Non-tax Revenues.....	58,770	13.00	10.89
Total Ordinary Revenues.....	\$443,388	98.07	82.18
Special Receipts and Credits.....	8,125	1.80	1.50
Other Receipts and Credits—			
Refunds of capital expenditures and receipts on non-active accounts.....	610	.13	.12
Grand Total Revenues.....	\$452,123	100.00	83.80

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1936-37—*Concluded*

(000 omitted)

Expenditures	Amount (estimated)	Percentage of total Expenditures	Percentage to total Revenues
Ordinary Expenditures—			
Interest on public debt.....	\$137,405	25.47	30.39
Cost of loan flotations—			
Amortization of bond discount, etc.....	3,900	.72	.86
Charges of management.....	197	.04	.05
Total public debt charges.....	\$141,502	26.23	31.30
Subsidies and special grants to Provinces.....	\$ 16,994	3.15	3.76
Old Age Pensions.....	22,500	4.17	4.98
Civil Servants' Pensions and Superannuation charges..	2,822	.52	.62
Pensions and after-care of soldiers—			
Pensions, War and military.....	\$ 43,092	7.99	9.53
Treatment, and after-care of returned soldiers....	12,041	2.23	2.66
Total.....	\$ 55,133	10.22	12.19
Agriculture.....	\$ 8,929	1.66	1.97
Fisheries.....	1,750	.32	.39
Legislation.....	2,626	.49	.58
Mines and Resources.....	12,701	2.35	2.81
National Defence (including Civil Aviation).....	23,497	4.36	5.20
Post Office.....	32,417	6.00	7.17
Public Works.....	14,643	2.71	3.24
Transport.....	13,329	2.47	2.95
All other.....	43,017	7.98	9.51
Total Ordinary Expenditures.....	\$391,860	72.63	86.67
Capital Expenditures—			
Canals.....	\$ 52	.01	.01
Railways.....	217	.04	.05
Public Works.....	3,178	.59	.70
Total Capital Expenditures.....	\$ 3,447	.64	.76
Special Expenditures—			
Unemployment Relief and Assistance Act, 1936—			
Grants-in-Aid to Provinces.....	\$28,930	5.36	6.40
All other assistance.....	17,134	3.18	3.79
Total.....	\$46,064	8.54	10.19
Drought area relief.....	\$ 9,741	1.81	2.15
Dominion projects (special supplementary estimates).....	24,624	4.56	5.45
Total Special Expenditures.....	\$80,429	14.91	17.79
Government Owned Enterprises—			
Losses charged to Consolidated Fund—			
Canadian National Railways.....	\$43,303	8.02	9.58
National Harbours Board.....	250	.05	.06
Loans and Advances Non-active—			
National Harbours Board and Canadian National Steamships.....	919	.17	.20
Total Government Owned Enterprises.....	\$44,472	8.24	9.84
Other Charges—			
Write-down of assets to Consolidated Fund.....	\$ 545	.10	.12
Write-down of Active assets to non-active assets....	18,765	3.48	4.15
Total Other Charges.....	\$ 19,310	3.58	4.27
Grand Total Expenditures.....	\$539,518	100.00	119.33

OVER-ALL DEFICIT, 1936-37

Taking the total revenues for the year at \$452,123,000 and the total expenditures at \$539,518,000, it is apparent that there will be an over-all deficit for the fiscal year of \$87,395,000.

This, of course, takes into account the railway deficit as well as other expenditures for which the government is responsible. It compares with a total deficit last year of \$159,989,000. It is better than the figure of 100 millions deficit which I set as our goal in the budget last year. If we make allowance for the abnormal write-off of \$18,765,000 which relates to the activities of previous years and also for the special receipt of \$8,000,000 from the Wheat Board, it is indeed a very much better showing than we estimated a year ago.

But while we have succeeded in cutting last year's deficit nearly in half, and while we are able to show a substantially smaller deficit than in any year since 1930-31 when the deficit was approximately the same as for this year, I think it will be realized by all members of the house that the gap between our total income and our total outgo is still very broad and that it must be bridged at the earliest possible date.

LOANS AND INVESTMENTS
ACTIVE ASSETS

In addition to provision for the expenditures of the year as outlined, account should also be taken of loans and investments made which we regard as active assets in the public accounts. For the year such loans and investments are estimated at \$36,785,000, excluding loans that may be made to provinces between February 15, 1937, and the close of the fiscal year on March 31.

Loans to Provinces

Loans made to the four western provinces which are the most important item in this category have shown a marked decrease during the present year. The Unemployment Relief and Assistance Act of 1936 restricted such assistance to a maximum amount measured by the provincial share of the cost of unemployment relief and undertakings during February and March, 1936, and under any agreements entered into pursuant to the act. Moreover, the act contemplated that any province desiring such assistance should establish the necessity therefor, and in practice we have required the submission of detailed statements of the financial position of the province.

Up to February 15, 1937, the net loans made under this authority have amounted to \$10,892,235 as compared with \$42,304,150 made during the preceding fiscal year. As of this date, loans made to the four western provinces under authority of the various relief acts were outstanding in the dominion's books to an aggregate amount of \$127,419,400. The totals for the various provinces were as follows: Manitoba, \$19,415,855; Saskatchewan, \$51,898,717; Alberta, \$25,759,748; and British Columbia, \$30,345,080. It will be understood these figures relate to totals outstanding prior to the write-off referred to previously.

I desire to place on Hansard tables showing the net loans made to each province during each of the last six fiscal years, and a classification of such loans on the basis of the general purpose for which the loans were obtained.

NET LOANS TO PROVINCES UNDER RELIEF ACTS BY FISCAL YEARS

	Manitoba	Saskatchewan	Alberta	British Columbia	Total
	\$	\$	\$	\$	\$
1931-32.....	2,788,812	10,934,341	4,097,740	4,813,124	22,634,017
1932-33.....	5,171,904	7,578,556	1,902,041	912,636	15,565,137
1933-34.....	2,273,283	5,469,240	4,050,743	1,321,761	13,115,027
1934-35.....	2,874,631	10,141,014	1,926,476	7,966,714	22,908,835
1935-36.....	2,396,226	14,245,478	13,104,000	12,558,445	42,304,149
1936-37 (to Feb. 15, 1937).....	3,911,000	3,530,088	678,748	2,772,399	10,892,235
Net Loans Outstanding.....	19,415,856	51,898,717	25,759,748	30,345,079	127,419,400

NET LOANS TO PROVINCES UNDER RELIEF ACTS CLASSIFIED AS TO PURPOSE

	Loans specifically to meet maturing obligations and interest	Loans specifically for agricultural relief including purchase of seed grain	Loans for Provincial purposes generally including public works and direct relief	Total
	\$	\$	\$	\$
Manitoba.....	1,139,455	243,400	18,033,000	19,415,855
Saskatchewan.....	3,934,341	13,892,633	34,071,743	51,898,717
Alberta.....	8,577,000	3,152,748	14,030,000	25,759,748
British Columbia.....	11,190,509	—	19,154,571	30,345,080
	24,841,305	17,288,781	85,289,314	127,419,400

OTHER LOANS AND INVESTMENTS

Loans to Canadian National Railways for miscellaneous debt retirements, less repayments, already referred to, amounted to \$4,614,000. Purchase of railway equipment for the Canadian National Railway amounted to \$2,863,000 and for the Canadian Pacific Railway Company to \$2,303,000. In addition, \$555,000 was loaned to the latter company for railway betterment expenditures in connection with the government's unemployment relief program.

During the fiscal year the government's purchases of Canadian Farm Loan Board 3½ per cent bonds will amount to \$11,100,000, and of the board's capital stock to \$794,000. The total investment by the government of Canada in the Farm Loan Board will reach approximately \$28,684,000 at the close of the present fiscal year.

The amount paid out by the government on loans approved under the terms of the Dominion Housing Act is expected to total \$1,218,000 during the current fiscal year. The

dominion's share of such loans represents 20 per cent of the lending value of each property financed under the act, and is paid out from time to time as required after loans are approved.

During the year, \$323,000 was advanced to the harbour commissions at Montreal and Vancouver. These loans are considered as active assets, as both commissions have paid a substantial part of the interest accrued on their obligations held by the government.

Under authority of the Bank of Canada Act Amendment Act, the government purchased 102,000 shares of class B stock of the Bank of Canada, representing an investment of \$5,100,000.

Repayments of \$2,977,000 were received during the year in reduction of soldier loans and loans to provinces for housing purposes.

The following is a statement of the amount of loans and investments made during the last fiscal year, which are regarded as active assets, and the comparable figures for the four preceding years:

LOANS AND INVESTMENTS, ACTIVE

(000 omitted)

—	1932-33	1933-34	1934-35	1935-36	(Estimated 1936-37)
	\$	\$	\$	\$	\$
Canadian National Railways.....	14,677	2,628	16,579	3,689	4,614
Canadian Pacific Railway.....	—	—	—	1,270	555
Canadian Farm Loan Board.....	871	416	353	7,933	11,894
Dominion Housing Act, Loans disbursed...	—	—	—	82	1,218
Harbour Commissioners.....	650	1,677	393	1,438	323
Provinces—under relief legislation.....	15,565	13,115	22,909	42,304	10,892
Provinces—housing.....	Cr. 139	Cr. 213	Cr. 397	Cr. 3,003	Cr. 2,038
Railway equipment purchased.....	—	—	—	7,244	5,166
Soldier and general land settlement.....	Cr. 92	Cr. 2,492	Cr. 571	Cr. 1,054	Dr. 939
Bank of Canada—Purchase of class "B" shares.....	—	—	—	—	5,100
Other.....	469	—	—	—	—
	32,001	15,131	39,266	59,903	36,785

LOAN FLOTATIONS

During the fiscal year under review dominion obligations were issued to the amount of \$382,996,000. In the case of treasury bills which have a three months' maturity and are refunded as they mature each fortnight, only the increase in the total outstanding during the year is included in the above figure. These issues, to the extent of \$311,000,000 were for the purpose of meeting maturities and the remainder was for the deficit and other current purposes.

This financing was done at a very satisfactory cost to the government. The rates of interest on new issues were lower than those prevailing on maturing issues, resulting in a considerable saving to the treasury in annual interest charges. At the close of the fiscal year, the average rate of interest on the fundel debt and treasury bills outstanding was 3.75 per cent as compared with 3.9 per cent a year ago.

Loans were floated in both the domestic market and in the United States. The issues in Canada, exclusive of treasury bills, amounted to \$267,996,000. The first issue was made in June, 1936, to an amount of \$134,703,000. This issue was essentially a conversion loan, only \$20,000,000 being issued for cash, the balance being made up of conversions of 1½ per cent bonds due September 15, 1936, 2 per cent bonds due October 15, 1936, and 5 per cent bonds due November 15, 1936. The new issue was comprised of two maturities, 1½ per cent four year bonds yielding 1.63 per cent and 3¼ per cent thirty year bonds yielding 3.30 per cent. Cash subscriptions were accepted only in respect to the latter maturity.

The other major operation in the Canadian market was undertaken in September when a \$100,000,000 issue was offered. This loan was also in two maturities; \$45,000,000 1 per cent four and one-half year notes sold to yield 1.40 per cent and \$55,000,000 3 per cent bonds (callable in thirty years) sold to yield 3.11 per cent. The issue of perpetual bonds in the Canadian market represented a new departure in dominion financing. It was intended as the initial step in a program which is designed to provide for the consolidation and simplification of our public debt structure. Another purpose which we had in mind was to facilitate the setting up, as soon as the condition of our national finances make it practicable, of a general sinking fund to provide for the gradual amortization of our long term debt on scientific lines. The response of the investing public to this experimental issue indicated that perpetual obligations might prove popular in Canada as they have long been in the United Kingdom. In this connection, I believe that the house will approve the policy which we have been following of taking advantage of the present period of low interest rates to get as large a proportion of our debt as possible into the form of long term obligations.

The \$33,293,000 5 per cent school lands debentures due July 1, 1936, and held by the provinces of Manitoba, Saskatchewan and Alberta were renewed for a further period of one year at an interest rate of 4 per cent.

The fortnightly offerings of our treasury bills at public tender have continued to meet a highly satisfactory response during the current year. The present cost of this short term

money is around three-quarters of one per cent. The lowest rate realized by the government was .643 per cent on September 15, 1936. The total amount of these treasury bills now outstanding is \$150,000,000 as compared with \$120,000,000 at the close of last fiscal year, and the average cost of funds obtained from this source during the year has been .775 per cent. It will be realized, however, that our purpose in issuing treasury bills is not primarily to obtain the borrowed funds at such a very low rate but rather to provide an adequate supply of high grade, liquid credit instruments in order to make possible the organization of a more effective short term money market in Canada and to facilitate the essential operations of the Bank of Canada.

It is a matter of common knowledge that the last two tax-free issues of the dominion floated during the war period will mature during the present calendar year. The first of these issues is the \$39,787,000 5 per cent war loan bonds which are payable in Canada and New York and which fall due on March 1st. As it was believed that the major portion of this issue is now held by United States in-

vestors, we entered the United States market in January to raise the funds necessary to pay off this issue at maturity. On January 21st we offered in that market an \$85,000,000 issue in two maturities: \$30,000,000 2½ per cent seven year bonds sold to the public at 99½ to yield 2.39 per cent and \$55,000,000 3 per cent thirty year bonds sold to the public at 98 to yield approximately 3.10 per cent. The remainder of the funds necessary to pay off the maturing issue will be provided directly from the dominion treasury.

The interest saving from this refunding operation will exceed \$1,700,000 per year for the next seven years at least. The additional interest saving from the refunding of the last of our tax-free issues, the \$236,299,800 5½ per cent victory loan bonds, which we expect to refund prior to their due date on December 1 next, should be substantial. To this interest saving on both issues should of course be added a substantial increase in income tax revenues following the elimination of these last tax-free bonds.

I now place on Hansard a statement summarizing the essential details of the new issues made during the year:

LOAN FLOTATIONS 1936-37

Issue Date	Maturity Date	Interest Rate	Where Payable	Price		Yield		Amount Issued
				To Public	To Government*	At Public Price	At Price to Government	
1936		%				%	%	
June 1....	June 1, 1940	1½	Canada	99.50	99.25	1.63	1.70	\$ 80,000,000
June 1....	June 1, 1966	3½	Canada	99.00	98.25	3.30	3.34	54,703,000
July 1....	July 1, 1937	4	Canada	.....	100.00	.....	4.00	33,293,471
Sept. 15....	Mar. 15, 1941	1	(School Lands) Canada	98.25	98.00	1.40	1.46	45,000,000
Sept. 15....	Perpetual....	3	Canada	96.50	95.75	3.11	3.13	55,000,000
1937								
Jan. 15....	Jan. 15, 1944	2½	New York	99.50	98.25	2.33	2.52	30,000,000
Jan. 15....	Jan. 15, 1967	3	New York	98.00	96.00	3.10	3.21	55,000,000
								\$ 352,996,471
Increase in short term treasury bills outstanding March 31, 1937 over March 31, 1936.....								30,000,000
								\$ 382,996,471

*Price to public, less commission to underwriters or dealers.

THE NATIONAL DEBT

As at March 31, 1937, the outstanding unmatured funded debt and treasury bills of the dominion, less sinking funds, will amount to \$3,275,574,000. Adding to this amount \$255,419,000 of other liabilities, consisting chiefly of annuity, insurance and superannuation funds, Post Office savings deposits and certain trust and contingent accounts, we arrive at gross liabilities of \$3,530,993,00. Active assets, including cash on hand and investments,

amounted to \$437,498,000. After deducting the latter figure from the gross liabilities, we reach an estimated net debt of \$3,093,495,000 as at the close of the fiscal year. The increase over last year of \$87,395,000 represents, of course, the amount of the over-all deficit to which I have previously made reference.

I now place on Hansard a statement showing the assets and liabilities of the dominion as estimated as at March 31, 1937.

LIABILITIES MARCH 31, 1937

(estimated)

Bank Circulation Redemption Fund.....	\$.....	\$ 7,020,000
Insurance and superannuation funds—		
Government annuities.....	87,092,000	
Insurance fund, civil service.....	10,800,000	
Insurance fund, returned soldiers.....	15,770,000	
Retirement fund.....	8,782,000	
Superannuation funds.....	53,651,000	176,095,000
Trust funds—		
Indian funds.....	13,890,000	
Common school funds.....	2,676,000	
Contractors' securities deposits.....	1,250,000	
Other trust funds.....	5,595,000	23,411,000
Contingent and special funds.....		6,340,000
Post Office money orders, postal notes, etc., outstanding.....		2,814,000
Province accounts.....		9,624,000
Post Office savings bank deposits.....		21,800,000
Funded debt—		
Unmatured less sinking funds.....	3,275,574,000	
Matured but not presented for payment.....	6,563,000	3,282,139,000
Interest coupons matured but not presented for payment.....		1,750,000
		\$ 3,530,993,000

ASSETS MARCH 31, 1937

(estimated)

Active assets—		
Cash, working capital advances and other current assets.....		\$ 16,018,000
Bank of Canada, class "B" shares.....		5,100,000
Gold Bullion account.....		2,200,000
Loans to Provinces—		
Housing.....	\$ 4,730,000	
Relief Acts.....	108,654,000	113,384,000
Loans to foreign governments—		
Greece.....	6,525,000	
Roumania.....	23,969,000	30,494,000
Loans to National Harbours Board—		
Montreal.....	59,446,000	
Vancouver.....	23,755,000	83,201,000
New Westminster Harbour Commissioners.....		275,000
Loans under Dominion Housing Act.....		1,300,000
Bond holding account.....		12,000

ASSETS MARCH 31, 1937—*Concluded*
(estimated)

Railway accounts—		
Advances under financing acts, Canadian National Railways.....	41,399,000	
Advances under vote 427, Canadian Pacific Railway.....	555,000	
Loans for betterment or repair of railway equipment—		
Canadian National Railways.....	789,000	
Canadian Pacific Railway.....	1,270,000	
Purchase of equipment leased to—		
Canadian National Railways.....	6,748,000	
Canadian Pacific Railway.....	5,662,000	
Canadian Farm Loan Board.....		56,423,000
Soldier and general land settlement.....		28,684,000
Seed grain and relief advances.....		42,656,000
Canadian government railways open and stores accounts.....		2,370,000
		15,749,000
Deferred debits—		
Unamortized discount and commission on loans.....		39,632,000
		\$ 437,498,000
Net debt, March 31, 1937 (estimated).....		\$ 3,093,495,000
Net Debt represented by—		
A. <i>Expenditure and non-active assets</i> , March 31, 1937 (estimated).		
Capital expenditures—		
Public Works—		
Canals.....	242,727,000	
Railways.....	443,124,000	
Public buildings, harbour and river improvements.....	267,963,000	
Military property and stores.....	12,035,000	
Territorial accounts.....	9,896,000	
		\$ 975,745,000
Loans non-active—		
Canadian National Railways.....		655,527,000
Railway accounts (old).....		88,399,000
Canadian National Steamships.....		14,008,000
Loans to Provinces (Relief Acts).....		18,765,000
National Harbours Board—		
Quebec.....	26,293,000	
Chicoutimi.....	3,796,000	
Halifax.....	9,503,000	
Saint John.....	15,467,000	
Three Rivers.....	3,447,000	
Montreal (Jacques Cartier Bridge).....	2,947,000	
		61,453,000
Seed Grain and relief advances.....		491,000
Soldier and general land settlement.....		16,514,000
Miscellaneous advances.....		3,536,000
B. <i>Consolidated fund</i> —		
Balance, consolidated fund, brought forward from March 31, 1936..	1,194,183,000	
Excess of expenditure over revenue, fiscal year ended March 31, 1937 (estimated).....	64,874,000	
		1,259,057,000
		\$ 3,093,495,000

NOTE.—The above Balance Sheet does not take into account any loans that may be made to provinces between February 15, 1937, and the close of the fiscal year. It does, however, take into account the proposed write-off of certain Treasury Bills of the provinces of Manitoba and Saskatchewan.

The following table which I also wish to place on Hansard gives a statement of the unmatured funded debt and treasury bills of the Dominion outstanding as at March 31, 1937, and the interest charges thereon:

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1937 AND
ANNUAL INTEREST CHARGES

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan		Annual Interest Charges	
			\$	cts.	\$	cts.
1937, July 1.....	4	Canada	33,293,470	85	1,331,738	83
Dec. 1.....	(a) 5½	Canada	236,299,800	00	12,996,489	00
1938, July 1.....	3	London	8,071,230	16	242,136	90
July 1.....	3	London	18,250,000	00	547,500	00
July 1.....	3	London	10,950,000	00	328,500	00
July 1.....	3½	London	15,056,006	66	526,960	23
Oct. 15.....	2	Canada	90,000,000	00	1,800,000	00
1939, Jan. 1.....	2	New York	40,000,000	00	800,000	00
Oct. 15.....	4	Canada	47,269,500	00	1,890,780	00
Oct. 15.....	2½	Canada	7,933,000	00	198,325	00
Nov. 15.....	2	Canada	20,000,000	00	400,000	00
1940, Mar. 1.....	3	Canada	115,013,636	82	3,450,409	10
June 1.....	1½	Canada	80,000,000	00	1,200,000	00
Sept. 1.....	4½	Canada	75,000,000	00	3,375,000	00
1941, Mar. 15.....	1	Canada	45,000,000	00	450,000	00
Nov. 15.....	5	Canada	141,663,000	00	7,083,150	00
1942, Oct. 15.....	3	Canada	40,409,000	00	1,212,270	00
1943, June 1.....	2½	Canada	20,000,000	00	500,000	00
Oct. 15.....	5	Canada	147,000,100	00	7,350,005	00
1944, Jan. 15.....	2½	New York	30,000,000	00	675,000	00
Oct. 15.....	4½	Canada	50,000,000	00	2,250,000	00
1945, Aug. 15.....	2½	New York	76,000,000	00	1,900,000	00
Oct. 15.....	4	Canada	88,337,500	00	3,533,500	00
1946, Feb. 1.....	4½	Canada	45,000,000	00	2,025,000	00
1947, Oct. 1.....	2½	London	4,888,185	64	122,204	64
1949, Oct. 15.....	3½	Canada	138,322,000	00	4,841,270	00
1950, July 1.....	3½	London	137,058,841	00	4,797,059	43
1952, May 1.....	5	New York	100,000,000	00	5,000,000	00
Oct. 15.....	4	Canada	56,191,000	00	2,247,640	00
1955 May 1.....	3½	London	48,666,666	67	1,581,666	67
June 1.....	3	Canada	40,000,000	00	1,200,000	00
June 1.....	3	Canada	55,000,000	00	1,650,000	00
1956, Nov. 1.....	4½	Canada	43,125,700	00	1,940,656	50
1957, Nov. 1.....	4½	Canada	37,523,200	00	1,688,544	00
1958, Sept. 1.....	4	London	73,000,000	00	2,920,000	00
Nov. 1.....	4½	Canada	276,687,600	00	12,450,942	00
1959, Nov. 1.....	4½	Canada	289,693,300	00	13,036,198	50
1960, Oct. 1.....	4	London	93,926,666	66	3,757,066	67
Oct. 1.....	4	New York	100,000,000	00	4,000,000	00
1961, Jan. 15.....	3½	New York	48,000,000	00	1,560,000	00
1966, June 1.....	3½	Canada	54,703,000	00	1,777,847	50
Perp. Sept. 15.....	3	Canada	55,000,000	00	1,650,000	00
1967, Jan. 15.....	3	New York	55,000,000	00	1,650,000	00
Treasury Bills due April 1, 1937...	.745	Canada	25,000,000	00	186,250	00
Treasury Bills due April 15, 1937...	.747	Canada	25,000,000	00	186,750	00
Treasury Bills due May 1, 1937....	.758	Canada	30,000,000	00	227,400	00
Treasury Bills due May 15, 1937....	.776	Canada	25,000,000	00	194,000	00
Treasury Bills due June 1, 1937....	.776 (est.)	Canada	20,000,000	00	155,200	00
Treasury Bills due June 15, 1937....	.776 (est.)	Canada	25,000,000	00	194,000	00
			3,337,332,404	46	125,081,459	97
Payable in Canada.....			2,478,464,807	67	74.27%	
Payable in New York.....			449,000,000	00	13.45%	
Payable in London.....			409,867,596	79	12.28%	
			3,337,332,404	46	100	%
Less bonds and stocks of the above loans held as sinking funds (estimated).....			61,758,481	68		
			3,275,573,922	78		

(a) Tax free in Canada

INDIRECT LIABILITIES

Bonds and debenture stocks bearing the guarantee of the dominion outstanding in the hands of the public at the close of the fiscal year will amount to \$1,003,000,000, an increase of \$9,000,000 over the same date a year ago. This increase is due mainly to the issue of dominion guaranteed securities to refund matured or called debt of the Canadian National Railways which had not been guaranteed.

In addition, there are other contingent liabilities arising out of guarantees given under relief and other acts. During the year the only new guarantee was that in connection with the Home Improvement Plan under which the government guarantees approved lending institutions against loss up to 15 per cent of the aggregate amount of loans made by each lending institution. The limit of the aggregate loans to be made under this plan will be \$50,000,000 and therefore the maximum contingent liability of the government will be \$7,500,000. As at January 31, 1937, the amount of such loans subject to guarantee was \$1,501,000. It is difficult to estimate what the total will be on March 31, 1937, as an acceleration of lending activity is expected with the approach of the spring building season.

I am glad to be able to report that as a result of the policy of orderly marketing and the rise in wheat prices to which I have already referred, bank loans which were made to the Canadian Wheat Board under our guarantee have been completely paid off, as well as the loans made from time to time directly to the Board by the government. In a report made public on January 4, 1937, the Wheat Board stated that the total wheat and wheat contracts which had been taken over from Canadian Cooperative Wheat Producers Limited as

of December 2, 1935, amounted to 205,186,980 bushels. As of that date the Board also held 90,186,986 bushels of 1935 crop wheat making a total holding as of that date of 295,373,966 bushels. The wheat and contracts taken over from Canadian Cooperative Wheat Producers Limited plus the total receipts by the Board of 1935 crop wheat to the end of the crop year on July 31, 1936, aggregated 355,927,206 bushels. By July 31, 1936, the Board's total holdings of wheat and wheat contracts had been reduced by sales to 86,729,413 bushels. Even after giving effect, as of March 31 last, to the payment of \$15,856,000 which we made to the Board, the liability of the Board on that date for guaranteed bank advances was still substantial. To-day the Board has outstanding no loans from the chartered banks or the dominion government or from any other source.

There is still outstanding the dominion's guarantee to the Winnipeg Grain and Produce Clearing Association Limited given to assure the due payment of day to day margin moneys which may be payable by the Wheat Board to the Association arising out of transactions and trades in grain made by the Board as a member of the Association. These margin deposits are made daily and no liability accrues from day to day. The government's guarantee of bank advances for the purchase of oats by Canadian Cooperative Wheat Producers Limited for account of the province of Saskatchewan is also still outstanding. As at February 1, 1937, the amount of bank loans outstanding subject to this guarantee was \$384,760.

I now place on Hansard a table giving the principal amount of the bonds and debenture stocks and other indebtedness guaranteed by the dominion which it is estimated will be outstanding as at March 31, 1937:

BONDS AND DEBENTURES STOCKS GUARANTEED BY DOMINION GOVERNMENT
AS AT MARCH 31, 1937

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	\$ cts.
May 1, 1938.....	Canadian National.....	2	13,400,000 00
Feb. 15, 1943.....	Canadian National.....	2	55,000,000 00
Feb. 1, 1944.....	Canadian National.....	2½	15,500,000 00
May 1, 1944.....	Canadian National.....	3	35,000,000 00
July 1, 1946.....	Canadian Northern.....	6½	24,238,000 00
April 1, 1948.....	New Westminster Harbour Commissioners.....	4½	700,000 00
Dec. 15, 1950.....	Canadian National.....	3	20,500,000 00
Sept. 1, 1951.....	Canadian National.....	4½	50,000,000 00
Feb. 1, 1952.....	Canadian National.....	3	20,000,000 00
Aug. 1, 1952.....	Saint John Harbour Commissioners.....	5	667,953 04
Feb. 15, 1953.....	Canadian National.....	3	25,000,000 00
July 10, 1953.....	Canadian Northern.....	3	9,359,996 72
Feb. 1, 1954.....	Canadian National.....	5	50,000,000 00

BONDS AND DEBENTURES STOCKS GUARANTEED BY DOMINION GOVERNMENT
AS AT MARCH 31, 1937—*Conc.*

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	\$
Mar. 1, 1955.....	Canadian National (West Indies) Steamships Limited.....	5	9,400,000 00
June 15, 1955.....	Canadian National.....	4 $\frac{3}{4}$	50,000,000 00
Feb. 1, 1956.....	Canadian National.....	4 $\frac{1}{2}$	70,000,000 00
July 1, 1957.....	Canadian National.....	4 $\frac{1}{2}$	65,000,000 00
July 20, 1958.....	Canadian Northern.....	3 $\frac{1}{2}$	7,896,546 21
May 4, 1960.....	Canadian Northern Alberta.....	3 $\frac{1}{2}$	3,149,998 66
May 19, 1961.....	Canadian Northern Ontario.....	3 $\frac{1}{2}$	34,229,996 87
Jan. 1, 1962.....	Grand Trunk Pacific.....	3	34,992,000 00
Jan. 1, 1962.....	Grand Trunk Pacific.....	4	8,440,848 00
July 1, 1969.....	Canadian National.....	5	60,000,000 00
Oct. 1, 1969.....	Canadian National.....	5	60,000,000 00
Nov. 1, 1969.....	Harbour Commissioners of Montreal.....	5	19,000,000 00
Feb. 1, 1970.....	Canadian National.....	5	18,000,000 00
By drawings.....	Canadian National.....	2	24,205,685 53
Various dates, 1937-54...	City of Saint John Debentures assumed by Saint John Harbour Commission.....	Various	1,197,641 72
Serial Feb. 1 and Aug. 1, 1937-38.....	Canadian National Equipment "G".....	5	2,250,000 00
Perpetual.....	Grand Trunk Guaranteed Stk.....	4	60,833,333 33
".....	Grand Trunk Debenture Stock.....	5	20,782,491 67
".....	Great Western Debenture Stock.....	5	13,252,322 67
".....	Grand Trunk Debenture Stock.....	4	119,839,014 33
".....	Northern Railway of Canada Debenture Stock.....	4	1,499,979 67
			1,003,335,808 42

Other Indebtedness Guaranteed

Estimated principal
amount outstanding
March 31, 1937

Bank advances, re province of Manitoba Savings Office... ..	\$ 7,121,825	
Bank advances, re government of Newfoundland... ..	625,000	
Bank advances, re Dominion Steel and Coal Corporation (order for rails).....	144,282	(Feb. 20, 1937)
Province of British Columbia treasury bill.....	626,534	
Province of Manitoba treasury bill.....	5,894,127	
Bank advances, re Canadian Cooperative Wheat Producers Limited (Saskatchewan oats account).....	386,988	(Feb. 13, 1937)
Reserve of chartered banks on deposit in Bank of Canada... ..	192,946,716	(Feb. 17, 1937)
Guarantee of home improvement loans (15 per cent of aggre- gate loans made).....	225,150	(Jan. 31, 1937)

I now come to the budget forecast for 1937-38:

III

BUDGET FORECAST—1937-38

I have already stated that the over-all deficit for the current fiscal year is estimated at \$87,395,000. While it is the smallest deficit since 1930-31, nevertheless its magnitude is such as to indicate the necessity of unceasing effort to restore a balance between total income and total outgo at the earliest possible moment. In the budget of last year I discussed in some detail the dangers involved in the continuing series of large annual deficits and defined the government's policy as one which sought "an immediate, appreciable approach to a balanced budget as the first step in a definite, positive program which

will assure the attaining of our final objective within a limited period." I then indicated the measures by which it was proposed to reduce the previous year's deficit by approximately \$60,000,000 to a figure not in excess of \$100,000,000 for the current year. At that time, while I did not expressly state my expectations in view of prevailing uncertainties, I hoped that it would be possible to reduce the deficit to \$50,000,000 for 1937-38 and to wipe it out altogether the following year. It now seems probable that this objective will be within our powers of accomplishment.

The house will recall that the main estimates, which are intended to provide for the ordinary operations of government, call for appropriations of \$410,467,000, and I expect the various departments, under the

consistent pressure which is being exerted to effect economies and hold down expenditures, to keep their actual expenditures below the aggregate appropriations by as much as five to ten million dollars. The special supplementary estimates which will be tabled shortly and are intended to make provision for those special or emergency needs arising out of the abnormal conditions now prevailing, indicate a maximum total expenditure of about \$96,000,000. Later, the usual provision will be necessary by way of ordinary supplementary estimates for a moderate amount of further expenditures. In this connection, I wish to announce that the government has decided to recommend to the house the restoration of the 5 per cent deduction from civil servants' salaries, effective from the beginning of the new fiscal year, and the necessary provision will have to be made in the supplementary estimates. Making allowances for these additional expenditures, we may estimate the total expenditure for 1937-38 at about \$520,000,000.

The house will realize that at this early date it is very difficult to estimate the revenues for next year with the same assurance as in previous budgets. However, judging by the way revenues have been running during the last few months, and based on the outlook for the next twelve months, I estimate that for the fiscal year 1937-38 our present tax structure will produce an aggregate revenue of \$485,000,000 derived from the usual sources as follows:—

Taxation Revenue—

Customs duties.. . . .	\$ 90,000,000
Excise duties.. . . .	47,500,000
Income tax.. . . .	113,000,000
Sales tax.. . . .	131,000,000
Manufacturers', stamps, importations and other special taxes..	42,000,000
Banks and insurance companies..	2,000,000

Total taxation revenue.. . . . \$425,500,000

Non-tax Revenue—

Post Office receipts.. . . .	36,000,000
Interest on investments.. . . .	11,600,000
Other.. . . .	11,900,000

Total non-tax revenue.. . . . \$ 59,500,000

Grand total revenue.. . . . \$485,000,000

This estimate takes no account of any special receipts and credits and represents a lower rate of increase than took place during the present year even after making allowance for that portion of this year's increase in receipts which was due to increased tax rates.

If this estimate of total revenue is realized and if aggregate expenditures are kept within the estimated figure of \$520,000,000, the overall deficit for the coming year should not

exceed \$35,000,000. Stating my expectations in another way, I shall be greatly disappointed if we cannot keep our total deficit for 1937-38 within the limit represented by the net cash deficit of the Canadian National Railway system. If we can attain this objective in 1937-38, I am confident that it should not be beyond our powers to wipe out the deficit altogether during the following year and begin the period when progress can be made in liquidating the accumulated deficits which have been funded during the depression. That is the goal which we must steadily keep in sight.

Last year the size of the gap between total income and total outgo made it essential to impose a substantial increase in taxation levies. The public accepted the imposition of these new burdens, not gladly it is true, but nevertheless with a sure sense that it was the right thing to do, that a serious problem existed and that it had to be faced squarely, though sacrifices might be involved. Fortunately the increase in the total income of the people has reduced the weight of the burden. In view of the progress that has already been made and the outlook for the immediate future, I am indeed happy to inform the house that it is not my intention to recommend any increases in taxation for the coming year.

Taxation Changes

The income tax will continue on the present basis. Furthermore, no alterations are to be made in rates of taxes either under the Special War Revenue Act or under the Excise Act. The only changes proposed are a few minor additions to the schedule of exemptions under the sales tax. Articles specially designed for use of the blind are to be given exemption. Art work and printing plates made therefrom for non-advertising purposes in periodical publications will also be exempted. Other items to be added to the list of exemptions are raw and salted hides, certain refractory materials, spinal braces and parts thereof, ingredients used in canning fish, and parts for grain and seed cleaning machines.

IV

TRADE AND TARIFFS

I turn now, Mr. Speaker, to matters relating to trade and tariffs. The expansion of our foreign trade is undoubtedly the outstanding feature of the recovery movement in Canada during the past year. The acceleration of foreign demand for our products has probably been the most important single cause of the increase in our productive activity. It has provided expanding and profitable markets

for our great primary industries and as a result of this impulse new vigour has been infused into all our industries.

Foreign Trade

In the calendar year 1936 Canada's export trade passed the billion dollar mark, the highest level since 1929. Indeed, taking account of the lower level of prices, the physical volume of our exports was about equal to the 1929 level. The value of our exports, including commercial gold, reached a total of \$1,027,-901,000, a gain of \$189,559,000, or 23 per cent over 1935. This increase is all the more significant in view of the fact that agricultural and vegetable products which accounted for 47 per cent of our total exports in 1928 were only 34 per cent of the total in 1936. Imports for the year amounted to \$635,191,000, which exceeded the 1935 total by \$84,876,000, an increase of 15 per cent. Our total foreign merchandise trade for the year amounted to \$1,663,093,000. This was an improvement of \$274,435,000 over the previous year, or an increase of 20 per cent. The latest available figures for exports show a percentage increase for January of this year, even greater

than that for the whole year 1936. The increase in January, 1937, over January, 1936 was nearly 29 per cent. As a result of our gains in 1936 Canada has moved up from fifth to fourth place among the nations of the world in export trade, while retaining her position of fifth place in total trade.

This expansion of our foreign commerce of course reflects in part the improvement in world trade conditions, more stable currency relations in foreign exchange markets, and a general improvement in the demand for raw materials. But that is by no means the whole story. For while the total international trade of the world, as indicated by figures for 73 countries published by the League of Nations, is estimated to have improved by about 8 per cent in 1936, Canada's total trade showed an increase of 20 per cent. As our own trade gain is so much above the average of other countries I think it is not unreasonable to interpret this as clear evidence of the success of the government's trade policies.

A statement of total merchandise trade for the twelve months ended December 31, 1936, with comparative figures for 1935 follows:

Trade of Canada
(includes commercial gold but not monetary gold)

	Calendar Year		
	1935	1936	Increase
Imports..	\$ 550,314,551	\$ 635,190,844	\$ 84,876,293
Exports:			
Canadian produce..	825,284,114	1,015,205,435	189,921,321
Foreign produce..	13,058,945	12,696,519	-362,426
	<u>\$1,388,657,610</u>	<u>\$1,663,092,798</u>	<u>\$ 274,435,188</u>

The figures just given show that Canada established on merchandise trade account a very substantial net credit balance. If to the export figures already given we add, as we should, the gold earmarked during the year and held by the Bank of Canada for clients abroad, that is, gold of our own production which would otherwise have gone abroad and is, in fact, owned abroad and paid for so far as we are concerned, then the excess of our exports over our imports would have amounted to the very impressive total of \$452,000,000. The credit balance on commodity trade alone, excluding gold, was 326.9 million dollars, and was the largest recorded since 1925. Preliminary estimates of tourist trade show an increasing stream of visitors to our country, and an expenditure here last year of about \$250,000,000, an increase of more than 24 per cent over 1935. After deducting estimated Canadian tourist expenditures abroad there still remains a net credit

balance on tourist account of \$165,000,000. Adding this to our merchandise credit just referred to gives a total credit balance of no less than \$617,000,000 on account of merchandise and tourist trade combined.

This credit balance, Mr. Speaker, gave Canada an ample supply of foreign exchange funds with which to meet interest and dividend payments to foreign creditors as well as other invisible debit items in our balance of payments, and at the same time enabled us to effect a very substantial reduction in our net capital indebtedness abroad.

In examining the distribution of our trade among countries during the past year we find that the United Kingdom purchased from us just over \$400,000,000 worth of goods, which was about 39 per cent of our total exports, a percentage slightly above that of the previous year. The British Empire, as a whole, took about \$486,000,000 of our total sales abroad as compared with \$382,000,000 in the previous year. While the greater part of this additional

volume sold within the empire went to the United Kingdom, nevertheless South Africa, Australia and New Zealand also purchased substantially more from us than in 1935.

Imports from the United Kingdom were slightly higher in volume, reaching a total of \$123,000,000 as compared with \$117,000,000

for the previous year. From the empire as a whole our purchases were up over \$15,000,000 in 1936 as compared with 1935.

I desire now to place on Hansard figures showing trade with the United Kingdom and with the empire as a whole, for the calendar year 1936, with comparative figures for 1935:

Trade of Canada with Empire Countries
(includes commercial gold but not monetary gold)

	Calendar Year	
	1935	1936
Imports from the United Kingdom.. . . .	\$116,670,227	\$122,971,264
Exports to the United Kingdom.. . . .	307,714,364	400,749,376
Imports from the British Empire.. . . .	173,888,810	189,319,021
Exports to the British Empire.. . . .	382,222,952	485,619,218

I am sure it will be a matter of special interest to the house to observe the growth in our trade with the United States, as we now have a full year's experience under the operation of the Agreement which established new schedules of rates on January 1, 1936. During the year our total trade with the United States, including commercial gold, amounted to \$787,000,000 as compared with \$683,000,000 for 1935, an increase of \$104,000,000, or 15 per cent. If we exclude commercial gold entirely from the figures for the two years under comparison we find that the trade increase in 1936 was just over 22 per cent. Calculated on this same basis, exports to the United States were greater by 26 per cent, while imports from the United States were higher by 18 per cent. It will be noted that these percentage increases are appreciably above the corresponding increases in our trade with all countries. The increase in trade with our nearest neighbour is ample evidence of the benefits which follow a policy of seeking wider markets through trade agreements. I shall now review, in summary fashion, the steps which have been taken by the government in this direction during the past year.

TRADE AGREEMENTS

As a result of negotiations, Russia rescinded an order of April 20, 1931, which had prohibited all importing organizations and trade representatives of the Soviet Union from purchasing any goods of Canadian origin, as well as from chartering Canadian vessels. Canada, on her part, rescinded the Order-in-Council of February 27, 1931, prohibiting the importation from the Soviet Union of coal, wood-pulp, pulpwood, lumber, asbestos and dressed furs.

A provisional trade agreement was concluded with Germany on October 22, 1936, whereby each country conceded to the other a guarantee of most-favoured-nation treatment

in tariff matters. Associated with this was a "payments agreement," which provides that exchange accruing from German exports to Canada shall be made available for the purchase of Canadian goods. Definite percentages of this exchange are allotted for the purchase of commodities of such interest to Canada as wheat, apples, cheese, honey, fish, fox skins, asbestos and lumber.

The Canadian-Polish Convention of Commerce was brought into operation, providing for exchange of most-favoured-nation treatment between Canada and Poland, and for special concessions on both sides with respect to a limited list of articles.

A former arrangement with Brazil, whereby Canada conceded her intermediate tariff to Brazil in return for most-favoured-nation treatment, was terminated by Brazil on July 30, 1936, in pursuance of her policy of cancelling all old trade agreements. Following negotiations, Canada retained the benefit of the Brazilian minimum tariff (which is about one-quarter less than the maximum) on all goods, in return for granting to Brazil the Canadian intermediate tariff.

With another South American country, Uruguay, Canada signed an agreement on August 12, 1936, which provides for exchange of most-favoured-nation treatment as regards customs duties and related questions, including quotas and allocation of exchange for commercial transactions. Uruguay is to accord Canada her normal tariff, thus ensuring Canadian goods against a tariff one-half higher, which, under Uruguayan tariff regulations, may be applied to countries not offering reciprocity.

The trade agreement of 1932 between Canada and New Zealand, which was drawn for only one year, has been kept in operation by several renewals; on July 22, 1936, the agreement was extended until September 30, 1937, without further amendment.

Canada-United Kingdom Trade Agreement

These general observations regarding the expansion of our import and export trade constitute a fitting introduction to the presentation to parliament of the new trade agreement which has just been concluded with the United Kingdom. The Speech from the Throne intimated that agreement in principle had been reached between the two governments. As you now know, sir, the new trade agreement was signed on Tuesday of this week, and at the conclusion of these remarks I shall lay it upon the table of the house. At this point I should state that by arrangement with the government of the United Kingdom, which is as anxious as we are to put the tariff changes arising from the agreement into force at the earliest possible moment, it has been agreed that the provisions of article 9 and schedule "E" of the 1932 agreement shall cease to have effect from 12 o'clock to-night, when the provisions of articles 6, 7, and 8 and schedules IV and V of the new agreement will be in effect.

The extent and importance of Canada's trade with the United Kingdom would enable me to give a much more imposing statistical presentation than I used earlier in these remarks. But in this matter widely known and well understood facts make mere figures seem superfluous. We all realize that Canada's most prized market has been and continues to be the United Kingdom. Every Canadian Minister of Finance, in almost every budget speech, has had occasion to refer to that fact. In going last summer to London to initiate the negotiations which have resulted in the agreement to be tabled this afternoon, Canadian ministers realized that they were setting out upon a mission the objective of which was not to capture but to hold the most valuable market this dominion has ever known. As to how or when or by whom that great market was gained for Canada is not a matter about which we need dispute. Former Liberal administrations were pioneers in seeking it out and securing it, for they first conceived and put into operation the principle of giving to British goods a preferred position in our economy. But the good work initiated in 1897 has been carried on by all succeeding governments in Canada, however greatly the views of the major parties might differ as to the best means of attaining the objective. While those of us who sit now to your right, Mr. Speaker, may not adopt the same methods as our predecessors, believing our own to be better, we readily admit that they and we have been and are actuated by a keen desire for the best good

of our country. Our objective, may I repeat, at London last summer was to retain for Canada a magnificent market; and I am certain that the opinion of this house and the country will be that the ground which has been won over many years has been held and consolidated at a minimum of cost.

Time will permit me to review only briefly the general principles underlying the agreement and to summarize its main provisions. Needless to say, all the articles in the agreement as well as the items comprising the schedules thereto, will be open to the fullest discussion when the House is in committee.

Careful examination of the provisions of the new agreement, which can only be made in committee, will I think, convince the house that a successful effort has been made to bring the policy of British preference, which successive Canadian governments have maintained for forty years, into closer alignment with the trade policy to which this government stands committed. The present agreement is in no sense a simple renewal of the trade agreement between Canada and the United Kingdom signed at Ottawa in 1932. The detailed differences between it and the one which it will supersede will be developed in committee. From the beginning, however, it should be clearly understood that throughout the negotiations which resulted in the present agreement, the Canadian government has insisted on broadening the opportunities of international trade, without impairing the practical effectiveness of the British preferential system, and has endeavoured to apply within that system the principles of commercial policy which it hopes to see realized in the economic relations of Canada with the rest of the world. The measure in which these objectives, which were in large part shared by the government of the United Kingdom, have been attained, can only be appreciated by a close examination of the text of the new agreement and its comparison with the corresponding provisions of the Ottawa agreement of 1932.

The goal of both the United Kingdom and the Canadian government in intra-imperial, as in international trade, is the lowering of tariff barriers and the freeing of trade from fettering restrictions; and the preamble to the agreement is evidence of a new emphasis on the importance of increasing the volume of international and intra-imperial trade, and a departure from some of the earlier forms of preferential policy, which were too much concerned with diverting a diminishing volume of trade into unfamiliar and uneconomic channels.

An examination of the changes in the structure of the Canadian tariff resulting from the application of the provisions of the new agreement will show that the emphasis on trade expansion in its preamble is not misplaced. Although actual margins of preference on 179 items enumerated in schedule IV will be increased, in each case this increase is a consequence of a reduction in the duty against the United Kingdom. No preferences have been enlarged or created by increasing rates of duty against third countries, and the concessions made to the United Kingdom have been by way of lowered duties. It should not be necessary to stress the fundamental difference between this approach to the problem of preferential treatment and that which resulted in the 1932 agreement, in which a large proportion of the preferences guaranteed to the United Kingdom were created by raising the intermediate and general tariffs, and coupled, in a number of cases, with higher duties against the United Kingdom itself than had formerly been in force.

It will be found, in comparing the tariff items in schedule IV on which the preferential rate is reduced, with those in schedule I of the Canada-United States trade agreement, in which special reductions below the intermediate tariff were accorded the United States, that there are very few items which occur in both schedules. The explanation of the fact that enumerated tariff concessions to the United Kingdom and to the United States are largely made on different commodities lies in the complementary rather than competitive character of the bulk of Canadian imports from our two chief customers and sources of supply.

The reduction in the number of tariff items on which margins of preference are bound against decrease, from 215 in the 1932 agreement to 91 in schedule V of the present agreement, is further evidence of the effort that has been made to reconcile the principle of preferences with the necessity of removing barriers that stood in the way of international trade. The new agreement achieves a radical and far-reaching revision of the restrictions which its predecessor put upon the freedom of Canada to negotiate for the reciprocal reduction of tariff rates with third countries. Many items on which the differential margin between the British preferential and intermediate tariffs had operated either to limit Canadian trade treaty negotiations with foreign countries, to maintain prices of imported or domestic goods at unduly high levels, or in which five years' experience had shown that United Kingdom industries had not made, or were not likely to make, full use of the preferences

afforded them, have been dropped from the schedule, and, in twenty-one cases, the margins of preference on items remaining have been reduced.

In addition to the limited number of fixed margins of preference provided for in schedule V of article 8, there is provision in article 7 for a sliding margin of preference on United Kingdom goods, which are enumerated in schedule IV, dutiable under that schedule and "not of a class or kind made in Canada." I might point out that the obligation to maintain preferential margins on goods in this special category is terminable at any time by the reduction of the British preferential rate to free entry.

Further, either government is free at any time to modify or suspend any of the margins of preference set out in schedules III or V, if it is satisfied that a combine or monopoly of exporters is exploiting its domestic consumers by virtue of the preferential margins there provided for.

The gradual change and diversification of trade between Canada and the United Kingdom has given a very real point to the grievance frequently voiced by British industrialists who have been heard to complain that while competitive Canadian goods could enter the British market free of ordinary duty and free of dumping duty, and in some cases be sold there at prices below the fair market value for home consumption of the same goods in Canada, if the British manufacturer tried to meet dumping by dumping, his efforts were effectively blocked by ordinary duty plus special duty, which kept the Canadian market a closed and profitable preserve for our protected manufacturers. Such situations I know were not very frequent, but that they could occur is sufficient justification for the inclusion in the agreement of a special provision—article 12—under which the Canadian government agree that, in circumstances such as I have described, they will exempt particular classes of United Kingdom goods from dumping duty. This article is self-explanatory; it will, I think, be recognized as neither more nor less than an assurance of fair play both for the British manufacturer and the Canadian consumer. I hope that this evidence—afforded by the presence of this article in the agreement—of the government's determination to give no shelter or protection to unfair practice in export or internal trade, will in itself lead offenders to abandon the practice complained of, and make it unnecessary to apply the procedure provided in the agreement.

From this review of the aspects of the new agreement affecting the tariff treatment of British goods imported into Canada, it will,

I think, be recognized that the Canadian government has succeeded in translating into policy those principles by which, in opposition, its leaders measured and criticized the Ottawa agreement of 1932. It will be remembered that the principal counts on which that agreement was then judged and found wanting were, first, that preference had been increased by raising rates against third countries instead of lowering them in favour of Britain; second, that an inordinate number of tariff rates were bound against decreases; and, third, that the term of the agreement—it was fixed for five years as against three for the new agreement—was unduly long and restricted the independence of action of succeeding parliaments and governments. Under each of these heads, the new agreement meets the conditions which the present Prime Minister laid down when Leader of the Opposition, and, taken as a whole, I think it can be regarded as the complement within the Commonwealth to the United States trade agreement in the international field.

Turning now to those provisions of the new agreement bearing on the tariff treatment of Canadian goods imported into the United Kingdom, I need not emphasize the vital importance to Canada of confirming, for a further period of years, the assurance of unrestricted free entry into the United Kingdom market, which perhaps more than any other single factor has assisted Canadian economic recovery. In these years of constricted international trade, when high tariffs, exchange regulations and quantitative restrictions of every type have limited Canadian export opportunities, free entry into the United Kingdom market has saved the Canadian economy from strains that it probably could not have withstood. The importance of external markets to a country geared into a world economy needs no expounding—and of external markets no other has continued all through Canadian history to offer to the Canadian lumberman, farmer and fisherman the freedom of access which he enjoys in the United Kingdom.

The assurance in article I of the new agreement of the continuance of free entry for Canadian products is undoubtedly the great advantage which we receive from it. In maintaining free entry into the United Kingdom for Canadian goods, including manufactured products, we have kept open for a further term of years a door that once seemed to be rapidly closing. It is a matter of common knowledge that British industrial interests, with appetites edged by their recent taste of tariffs, are anxious to round out their present protective system by the imposition of duties on manufactured goods imported from Canada—nor

are British agriculturists by any means reconciled to the continuance of free entry for Empire produce. The fact that, in spite of the influence of these powerful economic groups, the government of the United Kingdom were prepared to renew the assurance of free entry for Canadian produce is evidence of their appreciation of the magnitude and value of the reductions in duty on United Kingdom goods contained in schedule IV to the new agreement.

The trade figures that I am tabling in a separate document indicate much more clearly and vividly than any summary I could compress into this speech, the range of Canadian commodities, produce of factory, fisheries, forest, farms and mines, that are now being exported to the United Kingdom. It is this vast physical movement of goods that is in the last analysis the test of the value to Canada of the free entry into and preferential treatment in the world's greatest import market which the terms of this agreement assure us. We are all aware of the importance of the British market for lumber and salmon and apples and wheat—we are less likely to realize that it is also a market for iron and steel products—for motor cars and machinery, manufactured goods of many kinds. The exchange of goods between Canada and the United Kingdom is no longer merely an exchange of raw materials for finished goods.

I do not propose to enlarge on the items on which the United Kingdom has agreed to reduce or stabilize its tariffs. The reduction of duty and consequent increased margin of preference on natural silk stockings will be of value to an export industry that has, in recent years, been supplying an increasing share of the United Kingdom's import requirements, while the assurance that neither the duty on motor cars and their parts, nor their content qualification for preferential treatment, will be increased without the consent of the government of Canada will remove two sources of uncertainty which have caused a major export industry a great deal of anxiety. In passing, it might be noted that schedule II contains the first reduction of rates by the United Kingdom in a trade agreement with a Commonwealth country; in most of the trade agreements concluded by the United Kingdom in recent years that country has refused to make any reductions in tariff, and confined its concessions to undertakings not to increase existing rates of duty.

As regards those commodities on which Canada is guaranteed the benefits of definite margins of preference, I might point out that there are no articles in schedule III on which

margins of preference were not bound in one or other of the agreements concluded by the United Kingdom with the dominions in 1932. There were a number of commodities on which the same margins were guaranteed to two or more dominions, and there were other commodities on which a margin was guaranteed to one dominion but of which some other dominion was actually the United Kingdom's largest supplier; for instance, the margin on honey was bound in the New Zealand agreement but Canada sent more honey to the United Kingdom than did New Zealand, while the margin on chilled and frozen salmon was bound in the Newfoundland agreement, although Canada was as large an exporter of this product as Newfoundland. In negotiating the present agreement, we not only consolidated the preferences shown in schedules B and C of the Canada-United Kingdom agreement, but added a number of preferences, which the United Kingdom was already bound to maintain and which are important to Canada.

Not only are no new commodities bound, but in no case have existing margins of preference been increased. It is as true to say for the United Kingdom as for Canada that no concessions incorporated in the new agreement have impaired the tariff treatment of third countries. In this connection, a point that is often overlooked by critics of the system of preferences might be emphasized. The preferences enjoyed by Canada in the United Kingdom market are really extremely moderate and are much lower in most cases than the measure of domestic protection enjoyed in home markets of foreign countries by competing producers of those commodities. The *ad valorem* preferences are as a rule ten per cent, and in no case exceed fifteen per cent; the preferences expressed as specific duties on foreign goods are approximately equivalent, at present prices, to this range of *ad valorem* rates.

Article 5 falls into two parts—the first part, relating to bacon and hams, corresponds to article IV of the 1932 agreement, which assured free entry of bacon and ham up to a maximum of 2,500,000 hundredweight or 280,000,000 pounds per annum. The new agreement continues the assurance of free entry and confirms the maximum of two and a half million hundredweight (almost double the largest actual shipments made by Canada in any year to date). It assures Canadian farmers an uninterrupted opportunity of expanding their export trade toward that maximum and precludes the United Kingdom from

bringing imports from Canada within its general system of supply regulation, unless their rate of expansion becomes “abnormal and such as to endanger the effective working of the system of supply regulation”—and then only after consultation with the Canadian government, which, for its part, agrees to continue to furnish as close estimates as possible of the forward movements of bacon and ham to the United Kingdom market. The importance of the assurance of favourable entry into the profitable and protected British market for bacon—which is, incidentally, the only import market for bacon of any consequence in the world to-day—is clearly shown in the supplementary statistical material which I propose to have printed for the convenience of members of the house. At this time it is enough to say that in the last calendar year, out of total exports—that is Canadian exports—of bacon and ham of 158 million pounds, 98 per cent of the total, or more than 154 million pounds, valued in excess of \$25,000,000, were shipped to the United Kingdom. The safeguarding of this market, and the maintenance of our opportunity to expand our sales in it, are in themselves major advantages of the new agreement.

The special provisions of the agreement relating to bacon and cattle represent an adjustment of differing types of economic organization. The general assurance of exemption from import duty had to be reinforced—for these commodities—by guarantees that the system of supply regulation which the government of the United Kingdom has adopted for the protection of its domestic agriculture would not frustrate the purpose of the preference which they were ready to accord to Canadian produce. It was, therefore, necessary in each case to work out in collaboration with the United Kingdom a method of securing for Canadian farmers the opportunity to develop their exports to the United Kingdom, without attempting to dictate to the United Kingdom government the form that its domestic policy should take. This method we think we have finally found in article 5 of the new agreement, which safeguards Canadian interests and at the same time enables the United Kingdom to proceed with a policy of marketing organization which they hope will result in stable and remunerative prices for bacon and beef, from which of course every Canadian producer of hogs and cattle will benefit.

The detailed arrangements affecting cattle and beef are complicated and I shall reserve their fuller discussion for committee. At this stage I shall only point out that our producers

are guaranteed absolute freedom from import duty, the value of which is enhanced by the preferential margin created by the imposition as from December 1, 1936, of a duty of a cent and a half a pound on foreign chilled beef, and a proportionate duty on foreign frozen beef. Within the framework of the general scheme for regulating the import of cattle and beef into the United Kingdom, Canadian exports of fat cattle and beef would be free from all quantitative control so long as the annual quantities shipped do not exceed what the agreement describes as "recent levels," that is, 1933 and 1934, when the number of fat cattle exported to the United Kingdom averaged 50,000 head as against 6,000 odd in 1935 and 33,000 in 1936. In passing, I might point out that the irregular volume in which Canadian cattle move to the United Kingdom market, which in 1934 took 85 per cent of our exports as against only 7 per cent in the next year, illustrates the basic difficulty of adjusting our interest in reserving the right of access to what is now a secondary market for our cattlemen, with the United Kingdom's not unnatural interest in securing a stable and uninterrupted supply of meat from countries whose interest it would be to cooperate in its endeavours to stabilize supplies and prices at a remunerative level. In the light of this situation it should, I think, be agreed that the United Kingdom has gone a long way to recognize the special character of the Canadian cattle export trade and to make special allowances for its maintenance under the international meat scheme which it proposes to set up.

The fact that there is no counterpart in the present agreement to articles 5 and 18 of the 1932 agreement does not mean that the United Kingdom proposes to revert to the conditions which governed the importation of live cattle from Canada prior to 1932, or that Canada has any intention whatever of altering, to the disadvantage of the United Kingdom, the regulations for the importation of pedigreed stock from that country.

General considerations of the same order account for the disappearance of articles 10 to 17. Surely this country has sufficient interest in maintaining an efficient and law-abiding customs administration to make one-sided provisions, such as article 16 of the old agreement, entirely unnecessary. Questions of departmental procedure and organization, which are properly each country's domestic responsibility, have been returned to its jurisdiction. Formal changes of this character are of course subordinate to the main purposes of the agreement and will not involve any inter-

ruption of arrangements that have been working to the general satisfaction of both countries.

Concessions in the tariff treatment of United Kingdom goods which are to be made by Canada are chiefly those embodied in schedules IV and V to the agreement. Schedule IV enumerates the proposed reductions in duties, while schedule V sets forth such fixed margins of preference as the Canadian government undertakes to maintain in favour of certain specified commodities originating in the United Kingdom. For purposes of brevity and clarity, it is advisable to refer separately to these two schedules.

Schedule IV enumerates 425 tariff classifications of goods on which this country gives an undertaking not to increase duties of customs against Great Britain in excess of those therein set forth. Of the 425 items, 246 appear for the purpose of binding as a maximum the duty at present effective, and 179 for the purpose of reducing the existing rate on United Kingdom products. As an indication of the scope of the reductions in duty, it may be stated that, in the fiscal year ended March 31, 1936, imports from the United Kingdom of the goods covered by the group of 179 items which are to be reduced were valued at between 27 and 28 million dollars.

Obviously, time at my disposal will not permit detailed reference to the great number of commodities affected by the reductions in rate under schedule IV. Beyond any doubt, however, these represent the most extensive downward revision of duties on United Kingdom products made at any one time since the inception of the British preference. These reductions cover an extremely wide range of semi-processed and fully manufactured goods of the kind which enter into the daily living of our people:—

In foodstuffs and other edible commodities, reduced rates will apply on meat extracts, chocolate and cocoa preparations, unsweetened biscuits, pickled and preserved vegetables, marmalades and preserves, canned herring, and confectionery of all kinds. Reductions are proposed also on cigarettes, as well as on ale and beer.

A wide field of paper products is affected, including greeting cards, camera films, electrical insulating board, wall-papers, wrapping paper of all kinds, and "all manufactures of paper n.o.p.," including envelopes and stationery.

Paints, varnishes and lacquers, as well as white lead, oxides and fillers, will bear lower

imposts on importation from the United Kingdom, as will also certain clay products, notably firebrick, earthenware churns and crocks, tiles and blocks for flooring, sanitary earthenware of all kinds, and various types of English-made stoneware and earthenware.

The duties on glass tableware, cut glassware, and certain sizes and weights of plate glass are lowered, and rates on all unenumerated manufactured articles of glass are also reduced.

Reductions will apply on numerous primary and secondary products of iron and steel, including hot- or cold-worked bars and rods; rounds and squares of defined sizes; hot-rolled strip and hoop steel; poundage and other alloy steels in flat form; corrugated metal sheets and enamelled sheets; saw steel, tempered; fully finished structural steel; forgings of iron or steel; railway axles; cast iron and cast steel pipe; wire cloth and netting, including netting for fox-fencing; coal-cleaning machinery; ore and rock crushers, grinding mills, coal cutters and rotary coal drills; blowers and rotary kilns for metallurgical purposes; office machinery of all kinds; vacuum cleaners and sewing machines; lawn mowers and ball and roller bearings; nuts, bolts, butts and hinges; vitreous enamelled ware and other kitchen and dairy hollow-ware; sanitary ware of iron or steel, coated or not; steel wheels for railway rolling stock; trackless trolley buses; aircraft engines; dynamos, transformers, generators and electric motors; electrical precision instruments of various kinds; files and rasps; buckles, clasps, fasteners, needles and pins; and furniture of wood or metal.

In cotton goods, the reductions will affect printed, dyed or coloured fabrics; shadow-cloth, gabardines and certain cut-pile fabrics; cotton handkerchiefs; book-binders' cloth, and certain fine cotton fabrics.

Practically all the major items in the wool schedule figure in the list of proposed reductions. The following wool products are among those which will enter from the United Kingdom at lower duties than heretofore; woollen and worsted yarns, whether for manufacturing purposes or for counter-sale; pressed felt and wool filter cloth; blankets of all kinds; woollen and worsted fabrics "in the grey," imported for finishing in Canada; practically all lines and weights of woollen and worsted cloths, including suitings and overcoatings; woollen clothing of all kinds, and many unenumerated articles manufactured from or containing wool.

In silk and artificial silk goods there are many important reductions, including those

on woven fabrics of all kinds, embroideries, laces, braids and cords; and clothing and wearing apparel wholly or in part of artificial silk.

The duties are reduced on knitted garments, knitted underwear and knitted goods of all kinds; as well as on hosiery, gloves and mitts, rugs and carpets, and linoleum.

Leather and leather products show reductions on belting; on gloves and clothing leather; and on all leather further finished than tanned, n.o.p. Similarly, duties are reduced on boots and shoes; on trunks, bags and valises; on fancy cases and boxes, and on clothing made from India rubber or from water-proofed cotton fabrics.

Miscellaneous articles upon which reduced rates are proposed includes braces, jewellery, brushes of all kinds, pens and pencils, tobacco pipes and all smokers' accessories, photographic dry plates, abrasives, medicinal and pharmaceutical preparations, toilet soaps, mucilage and adhesive pastes, surgical dressings and bandages, manufactured goods of celluloid, halibut liver oil, blackings and dressings for leather or metal, articles of sterling or other silverware, clock movements and parts thereof, children's carriages and sleds, picture and photograph frames, and woven dress linens.

An interesting feature is the provision for the free entry, from the United Kingdom, of goods, other than spirits or wines, more than 100 years old.

The undertaking to maintain certain fixed margins of preference applies only to the items enumerated in schedule V, which sets forth in each instance the measure or amount of the margin. This schedule contains 91 items as against 215 in schedule E of the agreement of 1932; moreover, in 21 of the 91 items comprising the schedule the amount of the margin to be maintained is materially lessened. Among the 125 items upon which Canada is no longer (as compared with 1932) bound to maintain fixed margins of preference, are many which will be of great value in trade negotiations likely to be entered into with other countries. There is this further important difference between Canada's commitments as to fixed margins in 1932 and the commitments being entered into to-day: that, except as regards certain primary iron and steel commodities, by far the greater part of the scheduled items enumerate commodities not produced or manufactured commercially at all in Canada, and, hence, entail no element of protection for domestic interests. The value of imports from the United Kingdom,

in the fiscal year 1936, under the 91 items on which fixed margins have been granted, was approximately 37 million dollars.

In the tariff resolutions which I shall table on concluding, it is provided that the various rates set upon United Kingdom products, under this agreement, shall become British preferential rates in the customs tariff. This is in accordance with the practice followed for many years by Canada of generalizing within the empire to the greatest possible extent concessions in tariff treatment granted to any one empire country. This principle is so desirable that, in this instance, the government is disposed to apply it without exception, in spite of the fact that there are involved one or two items in respect of which the chief beneficiary may be an empire country which affords no preference to Canada; in such instances, it lies within the power of the governor-general in council to withdraw from any such non-reciprocating empire country the preferential treatment now voluntarily extended to it.

We regard the agreement as a friendly arrangement for closer economic cooperation, from which both countries will benefit and by which no other country will suffer. A liberal and moderate preferential policy such as this agreement embodies will supplement and strengthen the growing movement for freer trade within the world as a whole.

Other tariff proposals, not directly associated with the United Kingdom agreement, while not great in number, are of importance to Canadian producing and consuming interests, and of considerable significance to countries whose trade with Canada has been a factor in the recovery to which I have previously referred. Revisions in duties which extend to intermediate tariff countries include reductions in the rates on cotton clothing of all kinds, as well as on a wide range of articles manufactured from cotton; on various gums and resins used in industrial processes; on well-casing of steel for oil and gas wells; on printing plates and paper used in the production of periodicals; on parts for aircraft engines; on a wide range of plastics and plastic materials; on plate glass, decorative marble, slipper cloth, parts of surgical instruments, and certain copper alloys. Provision is made for the entry free of duties from all countries of small "personal gifts," as well as for the free entry of stringed musical instruments certified to be more than 100 years old. Various liquorice fibres and products will enter at lower rates than heretofore, as will various fumigants and disinfectants, egg-cleaning machines, electric razors, forged steel rolls,

silk yarns covered with metallic strip, certain motion-picture equipment, corset rivets, and cotton laces used in the garment industry.

TARIFF BOARD REPORTS

Reports which have been received from the tariff board and which find reflection in the tariff resolutions moved to-day include those on cherries in solution, motion-picture equipment, steel wool, hard rubber in sheets, and plastics, the last named providing for a completely new schedule to cover these products, now so widely used in industry. The board has reported also as regards chiffons and silica sand; and all reports received I shall table this day. The board will have ready in the near future reports on other matters referred to it, and it is expected that these will be received in time for consideration by the government while the house is still in committee of ways and means.

Conclusion

May I conclude, Mr. Speaker, on a note of cheer and of challenge: cheer, because the immediate outlook points to a continuation of the encouraging trends in economic activity which I have already reported; challenge, because the problems of depression we have still to solve and the new problems which will emerge with buoyant prosperity demand the best that we are capable of in wisdom, in forethought and in cooperative endeavour. We may rejoice that we have been among the leaders in the degree of our recovery from the depths of depression. But we have special problems inherited from the war or arising out of our economic and political structure with which we as a people and as a parliament will be confronted for some time to come. These problems are by no means insuperable; they merely forbid complacency, sectional dissension or relaxation of effort.

They can and will be solved as prosperity increases, if only we take care to see that such prosperity is soundly based and evenly distributed, and if we all put our shoulders to the wheel in a common national effort. I mention them here not to diminish the joy which we naturally feel in the record of expanding trade, increasing business activity, rising payrolls and improving revenues which I have been able to report, but rather as a challenge to continued endeavour, to individual, corporate and national integrity, to a keener sense of trusteeship in carrying out our everyday business and civic responsibilities. If this challenge be accepted by the Canadian people, I am confident, sir, that better days lie ahead—better indeed than we have yet known.

RESOLUTIONS

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:—

SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada 1927, and amendments thereto and to provide—

1. That schedule III to the said act, being the list of articles exempted from the consumption or sales tax be amended as follows:

(a) by striking out the paragraph reading as follows:

"Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick when for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and articles and materials to be used exclusively in the manufacture of such fire brick; materials, not to include plant equipment, consumed in the manufacture or production, and which enter directly into the cost of the manufacture of such fire brick;"

and substituting therefor the following:

"Fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and materials to be used or consumed exclusively in the manufacture or production of such fire brick or refractory materials."

(b) by striking out the item reading as follows:

"grain or seed cleaning machines;"

and substituting therefor the following:

"grain or seed cleaning machines and complete parts therefor;"

(c) by adding to the said schedule the following:

"Raw and salted hides;

Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire stitched or otherwise fastened together;

Materials used as ingredients in canned fish;

Goods enumerated in Customs Tariff items 236B and 698."

2. That any enactment founded on paragraph one of this resolution shall be deemed to have come into force on the twenty-sixth day of February, one thousand nine hundred and thirty-seven, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have applied to goods previously imported for which no entry for consumption was made before that date.

3. That subsection four of section eighty-six of the said act be amended by deleting the word "six" and substituting therefor the word "eight."

4. That any enactment founded on paragraph three of this resolution shall be deemed to have come into force on the second day of May, one thousand nine hundred and thirty-six.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act 1934 to give statutory authority to the validation fee of twenty cents per proof gallon upon spirits exported, which was imposed by regulation approved by order in council dated the second day of December, 1933; and that any enactment founded on this resolution shall be deemed to have come into force on the second day of December, one thousand nine hundred and thirty-three.

CUSTOMS TARIFF

1. Resolved, That the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, chapters six and thirty-seven of the acts of 1932-33, chapters thirty-two and forty-nine of the acts of 1934, chapter twenty-eight of the acts of 1935, and chapter thirty-one of the acts of 1936, be further amended by striking thereout subsection 2A of section 6 thereof and substituting therefor the following:

(2A) The governor in council, whenever it is deemed expedient to do so, may order that import, excise or other duties and taxes, in whole or in part, shall be disregarded in estimating the market value for the purpose of special duty of goods of any kind imported into Canada from any specified country.

2. Resolved, That schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1928, chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, chapter forty-one of the acts of 1932, chapters six and thirty-seven of the acts of 1932-33, chapters thirty-two and forty-nine of the acts of 1934, chapter twenty-eight of the acts of 1935, and chapter thirty-one of the acts of 1936, be further amended by striking thereout tariff items 8, 105a, 105b, 120, 160(a), 190, 191, 200a, 219a, 219c, 219e, 232d, 235, 235a, 237, 238, 241, 242, 246b, 254, 287, 320, 321, 328a, 348a, 409e(ii), 410d, 431b, 445j, 446d, 447b, 449, 451d, 473a, 476, 511, 529a, 530, 532, 534, 556b, 577, 588a, 604, 607a, 612, 616, 618a, 624, 690a, 693, 709, 742, 754, 755, 806, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
8	Canned meats, poultry or game.....	15 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
103a	Lemon, orange, grapefruit and citron rinds, sulphured or in brine.....	Free	Free	Free	{Free (15 p.c. 10 p.c.	Free 25 p.c. 17½ p.c.	Free 25 p.c. 30 p.c.
105b	Olives and cherries, sulphured or in brine, not bottled	10 p.c.	17½ p.c.	30 p.c.			
120	Anchovies, sardines, sprats or pilchards, packed in oil or otherwise, in sealed tin containers, the weight of the tin container to be included in the weight for duty.—						
	(a) When weighing over twenty ounces and not over thirty-six ounces each.....per box	3½ cts.	5 cts.	6 cts.	3½ cts.	5 cts.	6 cts.
	(b) When weighing over twelve ounces and not over twenty ounces each.....per box	2½ cts.	4 cts.	4½ cts.	2½ cts.	4 cts.	4½ cts.
	(c) When weighing over eight ounces and not over twelve ounces each.....per box	2 cts.	3 cts.	3½ cts.	2 cts.	3 cts.	3½ cts.
	(d) When weighing eight ounces each or less.....per box	1½ cts.	2 cts.	2½ cts.	1½ cts.	2 cts.	2½ cts.
157c	Isopropyl alcohol.....per gallon	Free	50 cts.	\$1.00	Free	25 p.c.	25 p.c.
160	Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind.—						
	(a) when in bottles or flasks containing not more than four ounces each.....	30 p.c.	90 p.c.	90 p.c.	60 p.c.	90 p.c.	90 p.c.
187b	Sensitized negative film, one and one-eighth inches in width or over, for exposure in motion picture cameras.....	Free	10 p.c.	15 p.c.	15 p.c.	25 p.c.	30 p.c.
219a	Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping, spraying or fumigating, n.o.p.—						
	(i) When in packages not exceeding three pounds each, gross weight.....	5 p.c.	25 p.c.	25 p.c.	5 p.c.	25 p.c.	25 p.c.
	(ii) Otherwise.....	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
219e	Chloropicrin, ethylene oxide, methyl bromide, methyl formate, cyanides, or mixtures containing any of these, for use in combating destructive insects and pests.....	Free	Free	Free	{Free (Free 17½ p.c. 2 cts.	Free 15 p.c. 25 p.c. 2½ cts.	Free 15 p.c. 27½ p.c. 3 cts.
232d	Casein.....and, per pound	17½ p.c. 2 cts.	25 p.c. 2½ cts.	27½ p.c. 3 cts.	{Free (Free 17½ p.c. 2 cts.	Free 15 p.c. 25 p.c. 2½ cts.	Free 15 p.c. 27½ p.c. 3 cts.
235	Liquorice fibres, whether or not dried, cleaned, cut to size, ground or sifted.....	Free	10 p.c.	15 p.c.	Free	17½ p.c.	17½ p.c.

Tariff Item	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
				B. P. Tariff	Intermediate Tariff	General Tariff
—						
235a	Liquorice paste, not sweetened.....	12½ p.c.	17½ p.c.	Free	15 p.c.	17½ p.c.
235b	Liquorice in rolls or sticks.....	15 p.c.	22½ p.c.	Free	20 p.c.	22½ p.c.
236b	Spinal braces and parts thereof.....	Free	Free	12½ p.c.	25 p.c.	35 p.c.
237	(a) Synthetic resin moulding compositions containing synthetic resin derived from phenol and formaldehyde or their homologues or mixtures thereof, in powder or granular form.....	20 p.c.	20 p.c.	15 p.c.	25 p.c.	25 p.c.
	(b) Synthetic resin moulding compositions, n.o.p., in powder or granular form.....	Free	Free	15 p.c.	25 p.c.	25 p.c.
	(c) Synthetic resins, n.o.p., in liquid, powder, granular, or lump form; or in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures.....	Free	Free	(15 p.c. Free)	25 p.c. Free	25 p.c. Free
	(d) Laminated products of which any synthetic resin or resin-like substance is the chief binding agent, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, n.o.p.:—					
	(i) with a base of paper or of fibreboard.....	15 p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
	(ii) with a base of cotton fabric or other woven fabric.....	20 p.c.	30 p.c.	25 p.c. and, per pound	30 p.c. 1½ cts.	35 p.c. 4 cts.
238b	Cellulose nitrate or pyroxylin plastics, in tubes, cylinders, balls, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures..	Free	Free	(Free Free Free)	5 p.c. 7½ p.c. Free	5 p.c. 10 p.c. Free
238c	Moulding compositions of cellulose acetate or other derivatives of cellulose, in powder or granular form.	Free	Free	15 p.c.	25 p.c.	25 p.c.
238d	Cellulose acetate in sheets not less than five one-thousandths of an inch in thickness, and in rods, bars, tubes and other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures.....	Free	Free	Free	Free	Free
238e	Regenerated cellulose, and cellulose acetate, transparent, in sheets, not printed, and manufactures of regenerated cellulose or of cellulose acetate, n.o.p....	20 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.

238f	Interlined sheet stock, composed of sheets of cellulose plastics cemented to cotton fabric.	10 p.c.	15 p.c.	17½ p.c.	{10 p.c. {12½ p.c.	12½ p.c. 17½ p.c.	15 p.c. 20 p.c.
238g	Synthetic plastic materials with a basis of casein, soybean, gelatine or starch, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures.	Free	Free	Free	{15 p.c. {Free	25 p.c. Free	25 p.c. Free
241	Litharge, which may contain up to two per cent of carbonaceous matter, and mixtures or combinations of such litharge with lead or other products of lead, litharge being the chief constituent by weight, when imported by manufacturers of electric storage batteries, for use exclusively in the manufacture of storage battery plates, in their own factories.	Free	Free	Free	{Free {15 p.c.	Free 25 p.c.	Free 25 p.c.
242	Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent by weight of titanium dioxide.	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
246b	Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes; finely divided metals or compounds of metals, whether dry, or suspended or dissolved in a liquid, for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain.	Free	20 p.c.	22½ p.c.	{Free {20 p.c.	20 p.c. 27½ p.c.	22½ p.c. 30 p.c.
254	Gums, viz.—Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, tragacanth, gedda, and barberry; lac, crude, seed, button, stick and shell; ambergris; Pontianac; gums and blends of gums, n.o.p.	Free	10 p.c.	15 p.c.	{Free {15 p.c.	15 p.c. 25 p.c.	15 p.c. 25 p.c.
282b	Saggars, when for use in the manufacture of ceramic products.	Free	Free	Free	12½ p.c.	20 p.c.	22½ p.c.
287	All tableware of china, porcelain, semi-porcelain, or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware.	Free	35 p.c.	35 p.c.	Free	35 p.c.	35 p.c.
306d	Ornamental or decorative marble (not including chips), unicolour or variegated, of colours and/or texture not produced in Canada, rough, hammered, sawn, sand rubbed, chiselled or polished, with or without design thereon, when specially imported and used for interior work in churches and public buildings, not to include buildings operated for commercial purposes or for private gain or profit. .	Free	Free	35 p.c.	{Free {30 p.c.	20 p.c. 35 p.c.	35 p.c. 40 p.c.
320	Plate glass, not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p.	Free	20 p.c.	25 p.c.	Free	25 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
321	Plate glass, not bevelled, in sheets or panes, exceeding seven square feet each, and not exceeding twenty-five square feet each, n.o.p.....	Free	20 p.c.	25 p.c.	Free	25 p.c.	25 p.c.
328a	Parts, unfinished, for the manufacture of spectacle and eyeglass frames.....	Free	5 p.c.	5 p.c.	{Free {15 p.c.	5 p.c. 32½ p.c.	5 p.c. 40 p.c.
342a	Copper alloys containing boron, for use exclusively as a flux or a deoxidizer in melting non-ferrous metals.....	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.
348a	Sculptures in any material, in round or in relief, cast or cut from models prepared in Canada and designed by sculptors domiciled therein, not to include more than two replicas or reproductions of the original model, under such regulations as the Minister may prescribe.....	Free	Free	Free	{Free {20 p.c.	Free 27½ p.c.	Free 30 p.c.
398b	Tubing of iron or steel, not joined, not more than ½ inch in diameter, with one end swaged, or swaged, split and spread, but not further manufactured when imported for use in the manufacture of fishing rods.....	Free	7½ p.c.	15 p.c.	15 p.c.	27½ p.c.	30 p.c.
409e	(ii) Fruit and vegetable grading, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; egg-graders and egg-cleaners, and complete parts thereof, not including aluminum parts.....	Free	5 p.c.	10 p.c.	{Free {Free	5 p.c. 27½ p.c.	10 p.c. 35 p.c.
410d	Well-drilling machinery and apparatus, and complete parts thereof, for use exclusively in drilling for water, natural gas or oil, or in prospecting for minerals, not to include motive power; well-packers and complete parts thereof, for oil or gas wells; seamless iron or steel tubing of a class or kind not made in Canada, for use in casing water, natural gas or oil wells.....	Free	Free	Free	{Free {15 p.c.	Free 27½ p.c.	Free 30 p.c.
431b	Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screw-drivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, cantdogs, and track tools, picks, mattocks, and eyes or polls for the same....	10 p.c.	35 p.c.	35 p.c.	10 p.c.	35 p.c.	35 p.c.

445j	Electric dry shaving machines for use in removing human hair, and complete parts thereof.....	Free	10 p.c.	Free	10 p.c.	10 p.c.
446d	Bottles or cylinders of steel for use as high-pressure containers for gas.....	Free	20 p.c.	{Free {15 p.c.	{25 p.c. {20 p.c.	25 p.c. 20 p.c.
447b	Forged steel rolls, hardened and ground, for use exclusively in rolling ferrous or non-ferrous metals..	Free	Free	{Free {10 p.c.	Free 27½ p.c.	Free 35 p.c.
449	Steel wool, including steel wool impregnated with soap or in retail packages containing a cake of soap.	Free	15 p.c.	{Free {15 p.c.	7½ p.c. 25 p.c.	10 p.c. 27½ p.c.
451d	Papier mâché shoe buttons, shoe eyelets, corset eyelets and corset rivets, shoe eyelet hooks, shoe lace wire fasteners.....	Free	Free	{Free {20 p.c.	Free 27½ p.c.	Free 30 p.c.
462b	Cinematograph and motion picture cameras, 35 mm., for use by professional motion picture producers having studios in Canada equipped for motion picture production.....	Free	10 p.c.	15 p.c.	25 p.c.	30 p.c.
473a	Printing plates of all kinds for periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together, and matrices, metal bases and copper shells thereof, but not to include printing plates and other articles covered by tariff item 475.....	Free	Free	25 p.c.	7½ p.c.	25 p.c.
476	(i) Surgical instruments of any material and complete parts thereof.....	Free	Free	Free	10 p.c.	10 p.c.
	(ii) Dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than 50 dollars each, retail; complete parts of all the foregoing.....	Free	10 p.c.	Free	10 p.c.	10 p.c.
511	Walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racket frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p.....	20 p.c.	30 p.c.	35 p.c.	30 p.c.	35 p.c.
529a	Lace and embroideries, wholly of cotton, not coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories.....	7½ p.c.	12½ p.c.	7½ p.c.	12½ p.c.	20 p.c.
530	Lace and embroideries, wholly of cotton, coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories.....	7½ p.c.	17½ p.c.	7½ p.c.	17½ p.c.	30 p.c. 4 cts.
	and, per pound					

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Inter-mediate Tariff	General Tariff
532	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.; fabrics wholly of cotton, coated or impregnated, n.o.p..... and, per pound	25 p.c.	30 p.c.	35 p.c. 4 cts.	25 p.c.	30 p.c. 1½ cts.	35 p.c. 4 cts.
534	Braided wick for candles or tapers, with or without core, processed or not:— (a) Imported by manufacturers of wax candles or tapers for use in their own factories in the manufacture of wax candles or tapers..... (b) Imported, under such regulations as the minister may prescribe, for use exclusively in oil-burning sanctuary lamps.....	Free	Free	Free	{ Free 15 p.c. 25 p.c.	Free 22½ p.c. 32½ p.c.	Free 25 p.c. 35 p.c.
556b	Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or artificial silk, weighing not less than 22 ounces per square yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories.....	Free	35 p.c.	40 p.c. 35 cts.	Free	35 p.c. 30 cts.	40 p.c. 35 cts.
558c	(ii) Silk yarns wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards.....	12½ p.c.	22½ p.c.	25 p.c.	25 p.c.	32½ p.c.	35 p.c.
577	Collars and cuffs manufactured from cellulose plastics with or without cotton interlining.....	Free	20 p.c.	25 p.c.	Free	20 p.c.	25 p.c.
588a	Gas for heating, cooking or illuminating, imported by pipe line..... per one thousand cubic feet	.....	6 cts. 27½ p.c.	6 cts. 27½ p.c.	.....	.....	6 cts. 27½ p.c.
604b	Sole leather.....	12½ p.c.	.....	.....	12½ p.c.	27½ p.c.	.....
607a	Leather, not further finished than tanned, in whole hides, in grains, or splits, when imported by manufacturers of upholstering leathers, for use exclusively in the manufacture of upholstering leathers, in their own factories.....	Free	15 p.c. 27½ p.c.	15 p.c. 30 p.c.	Free 17½ p.c.	15 p.c. 27½ p.c.	15 p.c. 30 p.c.
612	Harness and saddlery, including horse boots, n.o.p.....	Free	.....	.....	.....	.....	.....
616	Rubber, crude, caoutchouc or India-rubber, unmanufactured; powdered rubber and rubber or gutta percha waste or junk; and recovered rubber and rubber substitute.....	Free	Free	Free	Free	Free	Free
616d	Hard rubber, in strips or sheets, not less than one-sixteenth of an inch in thickness, or in rods or tubes, but not further manufactured.....	Free	15 p.c.	20 p.c.	{ Free 5 p.c.	Free 7½ p.c.	Free 10 p.c.

616e	Hard rubber, in strips or sheets less than one-sixteenth of an inch in thickness, but not further manufactured	Free	Free	Free	Free
618a	Comb blanks of hard rubber, not further manufactured than pressed and vulcanized, when imported by manufacturers of hard rubber combs, for use exclusively in the manufacture of hard rubber combs, in their own factories.....	Free	Free	7½ p.c.	10 p.c.
624	Bead ornaments, and ornaments of alabaster, spar, amber, terra cotta or composition; fans of all kinds; statues and statuettes of any material, n.o.p.....	20 p.c.	27½ p.c.	30 p.c.	30 p.c.
652	Toilet or dressing combs, n.o.p.; fancy combs, not being jewellery.....	10 p.c.	25 p.c.	27½ p.c.	40 p.c. 27½ p.c. 25 p.c.
690a	Casual donations sent by persons abroad to friends in Canada, or brought into Canada personally by non-residents as gifts to friends, and not being advertising matter, tobacco or alcoholic beverages, when the value thereof does not exceed five dollars in any one case, under such regulations as may be prescribed by the Minister.....	Free	Free	Free	Free
693	(i) Articles imported by or for public museums, public libraries, universities, colleges or schools, and which are to be placed in such institutions as exhibits, under regulations prescribed by the Minister.....	Free	Free	Free	Free
	(ii) Violins, violas and violoncellos, manufactured more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the Minister	Free	Free	20 p.c.	30 p.c.
	(iii) Antiquities (other than spirits or wines) produced more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the Minister.....	Free	Free	27½ p.c.	30 p.c.
	Provided that, notwithstanding anything to the contrary in this Act or in any other law or regulation relating to Customs, antiquities as described in part (iii) of this item shall, for entry thereunder, be relieved from the requirement as to origin or British Empire content.	Free	Free	Dutiable under various forms, use, etc.	Items, according to material,
709	(a) Goods, including containers or coverings as specified in part (b) of this item, the growth, produce or manufacture of Canada, after having been exported therefrom.....	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
(b) Bags, barrels, bottles, boxes, carboys, cartons, casks, crates, cylinders, drums, tarpaulins and other usual containers or coverings, n.o.p., filled or empty, and impact registers or recorders for use in railway cars, upon which duty has once been paid.....		Free	Free	Free	{Free Or dutiable at various rates.	Free	Free
All the foregoing under such regulations as the Minister may prescribe; Provided that the goods are returned to the exporter thereof within five years from the time of exportation, without having been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad; Provided also that any goods described in this item, upon which an allowance of drawback has been made, shall not be admitted to entry thereunder except upon payment of duties equal to the drawback allowed; Provided further that any of such goods manufactured in bond or under Excise regulations in Canada and exported shall not be admitted to entry except upon payment of the Customs or Excise duties to which they would have been liable had they not been exported from Canada.							
809	Cocoa residues, containing not more than five per cent by weight of fat, when imported by manufacturers of chemicals for use in the manufacture of theobromine and caffeine, in their own factories....	Free	Free	Free	15 p.c.	25 p.c.	25 p.c.

3. Resolved, That Schedule A to the Customs Tariff be further amended by striking thereout tariff items 23, 65, 90 (b), 105d, 105e, 141, 143a, 147 (a) and (b), 178, 178c, 180, 181a, 187, 192b, 193, 194, 195, 197b, 198, 199, 219 (i), 220 (a) and (b), 228, 234, 236, 238a, 243, 244, 246, 247, 247a, 248, 249, 250, 252, 284, 285, 286, 288, 289, 316a, 322, 323, 326, 326a, 327, 328, 329, 332, 336, 336a, 337 (d), 338a, 340, 343a, 343b, 343c, 343d, 343e, 343f, 343g, 343h, 343i, 343j, 343k, 343l, 343m, 343n, 343o, 343p, 343q, 343r, 343s, 343t, 343u, 343v, 343w, 343x, 343y, 343z, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624a (i), 628, 647, 653, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

and the several rates of duties of Customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
8a	Extracts of meat and fluid beef, not medicated.....	10 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty..... and, per pound	12½ p.c. 2½ cts.	27½ p.c. 2½ cts.	35 p.c. 2½ cts.	20 p.c. 2½ cts.	27½ p.c. 2½ cts.	35 p.c. 2½ cts.
65	Biscuits, not sweetened.....	12½ p.c.	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
90	Vegetables, prepared or preserved:— (b) Pickled or preserved in salt, brine, oil or in any other manner, n.o.p.....	15 p.c.	32½ p.c.	35 p.c.	20 p.c.	32½ p.c.	35 p.c.
105d	Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats.....per pound	2 cts.	3¾ cts.	5 cts.	2¾ cts.	3¾ cts.	5 cts.
105e	Fruits and peels, crystallized, glacé, candied or drained; cherries and other fruits of crème de menthe, maraschino or other flavour.....	20 p.c.	35 p.c.	35 p.c.	22½ p.c.	35 p.c.	35 p.c.
122	Herring (not including kippered herring in sealed containers) packed in oil or otherwise, in sealed containers.....	20 p.c.	30 p.c.	35 p.c.	1¼ cts. (per box)	2 cts.	2½ cts.
141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied pop-corn, candied nuts, flavouring powders, custard powders, jelly powders, sweet-meats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty.....per pound and	¼ ct. 15 p.c.	½ ct. 35 p.c.	½ ct. 35 p.c.	½ ct. 22½ p.c.	½ ct. 35 p.c.	½ ct. 35 p.c.
143a	Cigarettes, the weight of the paper covering to be included in the weight for duty.....per pound and	\$3.50	\$4 10 25 p.c.	\$4 10 25 p.c.	\$3.50 25 p.c.	\$4 10 25 p.c.	\$4 10 25 p.c.
147	Ale, beer, porter and stout, when imported in bottles.....per gallon Provided, that six quart bottles or twelve pint bottles shall be held to contain one gallon.	15 cts.	50 cts.	50 cts.	30 cts. (ale and beer)	50 cts.	50 cts.

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
178	Advertising and printed matter, viz.:—Advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p.;— (i) when produced in countries entitled to the British Preferential Tariff and relating exclusively to products of such British countries, but not relating to Canadian products..... (ii) n.o.p.....per pound Provided, that on importations under the Intermediate or the General Tariff, the rate of duty shall be not less than.....	Free 5 cts.	12½ cts. 27½ p.c.	15 cts. 35 p.c.	Free (or 5 cts.) 5 cts.	12½ cts. 27½ p.c.	15 cts. 35 p.c.
180	Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue prints, building plans, maps, and charts, n.o.p.	12½ p.c.	22½ p.c.	22½ p.c.	15 p.c.	22½ p.c.	22½ p.c.
181a	Pictorial post-cards, greeting cards and similar artistic cards or folders.....	20 p.c.	32½ p.c.	35 p.c. 5 cts.	22½ p.c.	32½ p.c.*	35 p.c. 5 cts.
187	Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.....	Free	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
192b	Sandpaper, glass or flint paper, and emery paper or emery cloth.....	12½ p.c.	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
192d	Electrical insulating pressboard, not less than .040 inch in thickness.....	Free	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
193	Paper sacks or bags of all kinds, printed or not.....	15 p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.

		5 cts.	7 cts.	8 cts.	5 cts.	7 cts.	8 cts.	
194	Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards.....							8 cts.
	Provided, that in no case shall the duty under the British Preferential Tariff be in excess of.....	5 cts.						
195	Paper hanging or wall papers, including borders or bordering.....	15 p.c.	32½ p.c.	35 p.c. 2 cts.	22½ p.c.	32½ p.c.		35 p.c. 2 cts.
197b	Wrapping paper of all kinds, not pasted, coated or embossed.....	17½ p.c.						
198	Ruled and border and coated papers, boxed papers, pads not printed, papier-mache ware, n.o.p.....	17½ p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.		35 p.c.
199	Papeteries, envelopes, and all manufactures of paper, n.o.p.....	20 p.c.	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.		35 p.c.
199f	Hand made papers, not to include mould-made deckle-edge papers, valued at not less than 40 cents per pound wholesale.....	20 p.c.	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.		35 p.c.
219	(i) Solutions of peroxides of hydrogen, n.o.p.....	10 p.c.	22½ p.c.	35 p.c.	(15 p.c. 22½ p.c. 15 p.c.)	22½ p.c. 32½ p.c. 22½ p.c.		25 p.c. 35 p.c. 25 p.c.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.—	12½ p.c.	22½ p.c.	25 p.c.				
	(a) When dry.....	17½ p.c.	25 p.c.	25 p.c.	20 p.c.	25 p.c.		25 p.c.
	(b) Liquid, when containing not more than two and one-half per centum of proof spirit.....	20 p.c.	40 p.c.	40 p.c.	25 p.c.	40 p.c.		40 p.c.
228	Soap powders, powdered soap, mineral soap, and soap, n.o.p.....	20 p.c.	32½ p.c.	32½ p.c.	22½ p.c.	32½ p.c.		32½ p.c.
232f	Mucilage and adhesive paste.....	15 p.c.	25 p.c.	27½ p.c. 3 cts.	17½ p.c. 2 cts.	25 p.c. 2½ cts.		27½ p.c. 3 cts.
234	Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin.....	1½ cts.	2½ cts.					
	and, per pound.....							
	and, per pound.....							
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, and abdominal supports.....	15 p.c.	40 p.c.	40 p.c.	20 p.c.	40 p.c.		40 p.c.
238a	Manufactures of pyroxylin plastics, or of which pyroxylin plastic is the component of chief value, n.o.p.....	10 p.c.	25 p.c.	35 p.c.	12½ p.c.	25 p.c.		35 p.c.
		10 p.c.	32½ p.c.	40 p.c.	15 p.c.	32½ p.c.		40 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
243	Dry white lead.....	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
244	White lead ground in oil.....	20 p.c.	35 p.c.	37½ p.c.	30 p.c.	35 p.c.	37½ p.c.
246	Oxides, fireproofs, rough stuff, fillers, laundry blueing, and colours, dry, n.o.p.....	12½ p.c.	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
247	Liquid fillers, anti-corrosive and anti-fouling paints, and ground and liquid paints, n.o.p.....	17½ p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
247a	Artists' and school children's colours; fitted boxes containing the same; artists' brushes; pastels, of a value of one cent per stick, or over; artists' canvases, coated and prepared for oil painting.....	Free	27½ p.c.	30 p.c.	20 p.c. { Free	27½ p.c. 27½ p.c.	30 p.c. 30 p.c.
248	Paints and colours, ground in spirits, and all spirit varnishes and lacquers.....	75 cents	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25
249	Varnishes, lacquers, japans, japan driers, liquid driers, and oil finish, n.o.p.....	15 cts. 10 p.c. Free	20 cts. 25 p.c. 7½ p.c.	20 cts. 30 p.c. 10 p.c.	20 cts. 25 p.c. 5 p.c.	20 cts. 15 p.c. 7½ p.c.	20 cts. 30 p.c. 10 p.c.
250	Paris green, dry.....						
252	Shoe blacking; shoemakers' ink; shoe, harness and leather dressing, and knife or other polish or composition, n.o.p.....	12½ p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
265c	Halibut liver oil, crude or refined.....	Free	20 p.c.	22½ p.c.	12½ p.c.	20 p.c.	22½ p.c.
281b	Firebrick, n.o.p.....	7½ p.c.	20 p.c.	22½ p.c.	12½ p.c.	20 p.c.	22½ p.c.
284	Drain pipes, sewer pipes and earthenware fittings therefor, chimney linings or vents, chimney tops, and inverted blocks, glazed or unglazed, n.o.p., earthenware tiles, n.o.p.....	20 p.c.	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
285	Tiles or blocks of earthenware or of stone prepared for mosaic flooring.....	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
286	Earthenware and stoneware, viz.—demi-johns, churns or crocks, n.o.p.....	20 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
288	Stoneware and Rockingham ware and earthenware, n.o.p.....	20 p.c.	35 p.c.	35 p.c.	25 p.c.	35 p.c.	35 p.c.
289	Baths, bathtubs, basins, closets, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.....	15 p.c.	35 p.c.	35 p.c.	20 p.c.	35 p.c.	35 p.c.
316a	Incandescent lamp bulbs and glass tubing for use in the manufacture of incandescent lamps, and mantle stocking for gas light.....	Free 17½ p.c.	7½ p.c. 30 p.c.	10 p.c. 35 p.c.	5 p.c. 20 p.c.	7½ p.c. 30 p.c.	10 p.c. 35 p.c.
322	Plate glass, n.o.p.....	20 p.c.	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
323	Silvered glass, bevelled or not and framed or not, n.o.p.....						

326	(i) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine-made tumblers of glass, not cut nor decorated, n.o.p.	15 p.c.	30 p.c.	32½ p.c.	15 p.c.	30 p.c.	32½ p.c.
326a	(ii) Opal glassware, glass tableware, cut glassware and illuminating glassware, n.o.p.	10 p.c.	30 p.c.	32½ p.c.	15 p.c.	30 p.c.	32½ p.c.
339b	Manufactures of glass, n.o.p.	10 p.c.	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
357	Collapsible tubes of lead or tin or lead coated with tin.	10 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
362	Britannia metal, nickel silver, Nevada and German silver manufactures of, not plated, n.o.p.	15 p.c.	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
368	Articles consisting wholly or in part of sterling or other silverware, n.o.p.; manufactures of gold or silver, n.o.p.	20 p.c.	37½ p.c.	45 p.c.	30 p.c.	37½ p.c.	45 p.c.
369	Clocks, time recorders, clock movements, clockwork mechanisms, and clock cases.	15 p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
377e	Provided, that when imported under the Intermediate or the General Tariff, the duty shall not be less than..... each		50 cts.	50 cts.		50 cts.	50 cts.
377f	Parts of clock movements or of clockwork mechanisms, finished or unfinished, not including plates.	10 p.c.	25 p.c.	25 p.c.	15 p.c.	25 p.c.	25 p.c.
378	Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp.	Free	20 p.c.	30 p.c.	(\$2.50 { 15 p.c.	\$4.50 { 25 p.c.	\$4.50 { 30 p.c.
380	Bars or rods, of iron or steel, hot rolled, viz.—Rounds over 4½ inches in diameter and squares over 4 inches..... per ton	Free	\$7.00	\$7.00	\$4.25	\$7.00	\$7.00
382	(a) Not further processed than hammered or pressed, n.o.p.	10 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
383	(b) Cold rolled, drawn, reeled, turned or ground, n.o.p.	10 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
385	(c) Flanged, dish or curved, n.o.p.	5 p.c.	25 p.c.	30 p.c.	10 p.c.	25 p.c.	30 p.c.
	(d) Hoop, band or strip, of iron or steel.—	5 p.c.	15 p.c.	15 p.c.	7½ p.c.	15 p.c.	15 p.c.
	(a) Hot rolled, .080 inch or less in thickness, n.o.p.	\$3.00	\$8.00	\$8.00	\$4.00	\$8.00	\$8.00
	(b) Hot rolled, more than .080 inch in thickness, n.o.p.	12½ p.c.	27½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.
	(c) Cold rolled or cold drawn, more than .080 inch in thickness, n.o.p.	5 p.c.	12½ p.c.	15 p.c.	7½ p.c.	12½ p.c.	15 p.c.
	(d) Coated with metal or metals, n.o.p.	5 p.c.	12½ p.c.	15 p.c.	7½ p.c.	12½ p.c.	15 p.c.
	(e) Coated with paint, tar, asphaltum or otherwise coated, n.o.p.	10 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
	(f) Coated with vitreous enamel, n.o.p.	10 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
	(g) Corrugated, coated or not.	Free	12½ p.c.	15 p.c.	5 p.c.	12½ p.c.	15 p.c.
	Sheets, plates, hoop, band or strip, of iron or steel, hot rolled, valued at not less than five cents per pound, n.o.p.						

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
386	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by Minister:— (h) Sheets, plates, hoop, band or strip, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, when imported by manufacturers of saws for use exclusively in the manufacture of saws, in their own factories.....	Free	10 p.c.	12½ p.c.	5 p.c.	10 p.c.	12½ p.c.
388d	Iron or steel angles, beams, channels, columns, girders, joists, piling, tees, zebs and other shapes or sections, punched, drilled or further manufactured than hot rolled or cast, n.o.p.....	20 p.c.	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
392	Forgings, of iron or steel, in any degree of manufacture, n.o.p.....	17½ p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over.....	Free	27½ p.c.	30 p.c.	20 p.c. {Free	27½ p.c. 30 p.c.	30 p.c. 30 p.c.
394	Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:— (a) For railway vehicles, including locomotives and tenders.....	7½ p.c.	27½ p.c.	30 p.c.	10 p.c.	27½ p.c.	30 p.c.
396	Pipe, cast, of iron or steel, valued at not more than five cents per pound.....	\$5.00	\$12.00	\$14.00	\$7.00	\$12.00	\$14.00
396a	Pipe, cast, of iron or steel, n.o.p.....	Free	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
397	Pipes and tubes, of wrought iron or steel, plain or coated— (d) N.o.p.....	12½ p.c.	27½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.
398a	Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than five cents per pound; steel tubes, welded or seamless, more than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for paper-making machinery..	Free	20 p.c.	30 p.c.	10 p.c. {Free	15 p.c. 20 p.c.	20 p.c. 30 p.c.
402a	Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.; wire cloth or wire netting, of iron or steel, coated or not.....	20 p.c.	35 p.c.	35 p.c.	25 p.c.	35 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
427h	Motion picture projectors, are lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment; complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps.	Free	15 p.c.	35 p.c.	10 p.c.	27½ p.c.	35 p.c.
430	Nuts and bolts with or without threads, washers, rivets, of iron or steel, coated or not, n.o.p.; nuts and bolt blanks, of iron or steel per one hundred pounds and	25 cts. 7½ p.c.	50 cts. 20 p.c.	75 cts. 25 p.c.	50 cts. 10 p.c.	50 cts. 20 p.c.	75 cts. 25 p.c.
430a	Hinges and butts, of iron or steel, coated or not, n.o.p.; hinge and butt blanks, of iron or steel.....	75 cts. 5 p.c.	75 cts. 27½ p.c.	75 cts. 30 p.c.	75 cts. 10 p.c.	75 cts. 27½ p.c.	75 cts. 30 p.c.
431f	Files and rasps.....	Free	35 p.c.	35 p.c.	10 p.c.	35 p.c.	35 p.c.
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada.....	Free	20 p.c.	35 p.c.	20 p.c. 10 p.c. Free 15 p.c. 20 p.c.	27½ p.c. 27½ p.c. 27½ p.c. 25 p.c. 27½ p.c.	30 p.c. 35 p.c. 35 p.c. 30 p.c. 30 p.c.
432	Hollow-ware, of iron or steel, coated or not, n.o.p....	10 p.c.	27½ p.c.	30 p.c.			
432a	Kitchen and dairy hollow-ware of iron or steel, coated with tin, including cans for shipping milk or cream, not painted, japanned or decorated.	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
432b	Hollow-ware, of iron or steel, coated with vitreous enamel.....	17½ p.c.	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
432d	Manufactures of tinplate, painted, japanned, decorated or not, and manufactures of tin, n.o.p.....	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
433	Baths, bathtubs, basins, closets, lavatories, urinals, sinks, and laundry tubs of iron or steel, coated or not.	5 p.c.	25 p.c.	35 p.c.	10 p.c.	25 p.c.	35 p.c.
434a	Motor rail cars or units for use on railways, and chassis for same; complete parts of the foregoing.....	Free	30 p.c.	35 p.c.	15 p.c. Free	30 p.c. 30 p.c.	35 p.c. 35 p.c.
434b	Steel wheels for use on railway rolling stock.....	7½ p.c.	30 p.c.	35 p.c.	7½ p.c. 15 p.c.	30 p.c. 27½ p.c.	35 p.c. 30 p.c.

438a	Automobiles and motor vehicles of all kinds, n.o.p.; electric trackless trolley buses; chassis for all the foregoing.....	Free	17½ p.c.	27½ p.c.	{Free 15 p.c. 15 p.c.	17½ p.c. 27½ p.c. 25 p.c.	27½ p.c. 30 p.c. 25 p.c.
439f	Provided, that machines or other articles mounted on the foregoing or attached thereto for purposes other than loading or unloading the vehicle shall be valued separately and duty assessed under the tariff items regularly applicable thereto.						
440m	Children's carriages, sleds and other vehicles; complete parts of all the foregoing.....	15 p.c.	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
445f	Engines and complete parts thereof, when imported for use only in the equipment of aircraft.....	Free	25 p.c.	27½ p.c.	10 p.c.	25 p.c.	27½ p.c.
445g	Electric dynamos or generators and transformers, and complete parts thereof, n.o.p.....	15 p.c.	33½ p.c.	37½ p.c.	25 p.c.	33½ p.c.	37½ p.c.
445n	Electric motors, and complete parts thereof, n.o.p.; Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz.:— meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complete parts thereof.....	15 p.c.	33½ p.c.	37½ p.c.	25 p.c.	33½ p.c.	37½ p.c.
446f	Cellulose acetate film reinforced with wire mesh....	Free	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
446g	Electric welding apparatus, not including motors....	Free	25 p.c.	30 p.c.	10 p.c.	25 p.c.	30 p.c.
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery).....	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
451a	(i) Spring-beard needles and latch needles.....	10 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
451b	(ii) Needles, of any material or kind, n.o.p. and, per thousand Pins manufactured from wire of any metal, n.o.p.	10 p.c.	\$1.50 30 p.c.	\$1.50 35 p.c.	15 p.c. 20 p.c.	30 p.c. 27½ p.c.	\$1.50 35 p.c. 30 p.c.
462	Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing.....	17½ p.c.	27½ p.c.	30 p.c.	10 cts.	10 cts.	10 cts.
465	Signs of any material other than paper, framed or not; letters and numerals of any material other than paper.....	7½ p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
469	Machine card clothing.....	10 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
511b	Fishing rods.....	10 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
512	Picture frames and photograph frames, of any material.....	Free	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.
518	Billiard tables, with or without pockets, and baggage racks and cue-tips.....	17½ p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
	Table and other game tables or boards, cues, balls, and other game accessories.....	17½ p.c.	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
519	House, office, cabinet or store furniture of wood, iron or other material, in parts or finished.....	15 p.c.	30 p.c.	45 p.c.	20 p.c.	30 p.c.	45 p.c.
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p..... and, per pound	20 p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	22½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.
23j	Shadow cretonnes, wholly of cotton, with printed warp and plain wett..... and, per pound	12½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	22½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.
523k	Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch..... and, per pound	12½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	22½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.
523l	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99..... and, per pound	12½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	22½ p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and artificial silk.....	5 p.c.	27½ p.c. 3½ cts.	32½ p.c. 4 cts.	15 p.c. 20 p.c. 22½ p.c.	20 p.c. 22½ p.c. 27½ p.c. and, in each instance, 3½ cts.	25 p.c. 27½ p.c. 32½ p.c. 4 cts.
532a	Handkerchiefs, wholly of cotton..... and, per pound	15 p.c.	30 p.c. 1½ cts.	35 p.c. 4 cts.	15 p.c. 30 p.c.	30 p.c. 1½ cts.	35 p.c. 4 cts.
532b	Woven fabric, wholly of cotton, for covering books..... and, per pound	15 p.c.	30 p.c. 1½ cts.	35 p.c. 4 cts.	25 p.c.	30 p.c. 1½ cts.	35 p.c. 4 cts.
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool.....	17½ p.c.	22½ p.c.	25 p.c.	20 p.c.	22½ p.c.	25 p.c.
537e	Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.....	25 p.c.	30 p.c.	32½ p.c.	27½ p.c.	30 p.c.	32½ p.c.
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.....	17½ p.c.	22½ p.c.	25 p.c.	20 p.c.	22½ p.c.	25 p.c.
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, artificial silk nor wool.....	22½ p.c.	27½ p.c. 32½ p.c.	35 p.c. 35 p.c.	25 p.c. 25 p.c.	27½ p.c. 32½ p.c.	35 p.c. 35 p.c.
542b	Linen fire-hose, lined or unlined.....	15 p.c.					
548	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in						

part of vegetable fibres but not containing wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p. and, per pound	25 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
Woven dress lineens containing not more than 15 p.c. by weight of cotton yarns for decorative effect. and, per pound	Free	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
Haircloth, composed of horse hair in combination with any vegetable fibre. and, per pound	17½ p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
Yarns, composed wholly or in part of wool or hair but not containing silk or artificial silk, n.o.p. and, per pound	15 p.c.	20 p.c.	22½ p.c.	15 p.c.	20 p.c.	22½ p.c.
Yarns and warps composed wholly of wool or in part of wool or hair, imported by manufacturers for use exclusively in their own factories, n.o.p. and, per pound	6 cts.	20 cts.	22½ cts.	11¼ cts.	20 cts.	22½ cts.
Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material. and, per pound	10 p.c.	17½ p.c.	20 p.c.	10 p.c.	17½ p.c.	20 p.c.
Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles. and, per pound	5 cts.	15 cts.	17½ cts.	7½ cts.	15 cts.	17½ cts.
Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada. and, per pound	15 p.c.	22½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p. and, per pound	20 p.c.	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.	5 cts.	25 cts.	30 cts.	10 cts.	25 cts.	30 cts.
Filter press cloth of wool. and, per pound	17½ p.c.	25 p.c.	30 p.c.	20 p.c.	25 p.c.	30 p.c.
Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p. and, per pound	22½ p.c.	35 p.c.	40 p.c.	27½ p.c.	35 p.c.	40 p.c.
Filter press cloth of wool. and, per pound	12 cts.	30 cts.	35 cts.	17 cts.	30 cts.	35 cts.
Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p. and, per pound	20 p.c.	35 p.c.	40 p.c.	27½ p.c.	35 p.c.	40 p.c.
Filter press cloth of wool. and, per pound	30 p.c.	40 p.c.	45 cts.	17 cts.	30 p.c.	35 cts.
Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p. and, per pound	30 p.c.	40 p.c.	45 cts.	17 cts.	30 p.c.	35 cts.
Filter press cloth of wool. and, per pound	30 p.c.	40 p.c.	45 cts.	17 cts.	30 p.c.	35 cts.

Tariff Item	—	British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
557b	Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk, artificial silk or similar synthetic fibres, n.o.p., not to include remnants nor mill ends.....		7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
558c	(i) Rovings, yarns and warps, wholly or in part of silk, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes.....	Free					
560a	Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p.....	15 p.c.	22½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
561	Woven fabrics wholly or in part of artificial silk or similar synthetic fibres, produced by chemical processes, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.....	22½ p.c.	40 p.c. 10 cts.	45 p.c. 10 cts.	27½ p.c.	40 p.c. 10 cts.	45 p.c. 10 cts.
565	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p.....	27½ p.c.	40 p.c. 40 cts.	45 p.c. 40 cts.	30 p.c.	40 p.c. 40 cts.	45 p.c. 40 cts.
566	Plaited or braided lines and cords, non-elastic, whether of tubular or of solid construction, not exceeding one inch in circumference, wholly or in chief part by weight of vegetable fibres.....	22½ p.c.	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
568	Knitted garments, knitted underwear and knitted goods, n.o.p.....	17½ p.c.	32½ p.c.	35 p.c.	25 p.c.	32½ p.c.	35 p.c.
568a	Socks and stockings:— (i) of wool..... and, per dozen pairs (ii) n.o.p..... and, per dozen pairs	20 p.c.	35 p.c. 25 cts.	45 p.c. 30 cts.	25 p.c.	35 p.c. 25 cts.	45 p.c. 30 cts.
568b	Gloves and mitts of all kinds, n.o.p.....	20 p.c.	32½ p.c.	35 p.c.	30 p.c.	32½ p.c.	35 p.c.
572	Oriental and imitation oriental rugs or carpets and carpeting, carpets and rugs, n.o.p.....	30 cts.	\$1.35	\$1.50	75 cts.	\$1.35	\$1.50
573	Enamelled carriage, floor, shelf and table oilcloth, linoleum, and cork matting or carpets.....	20 p.c.	\$1.35	\$1.50	75 cts.	\$1.35	\$1.50
	and, per pound.....	30 p.c.	35 p.c. 15 cts.	40 p.c. 20 cts.	30 p.c. plus either 3 cts. or 5 cts.	35 p.c. 15 cts.	40 p.c. 20 cts.
		15 p.c.	32½ p.c.	35 p.c. 4 cts.	.25 p.c.	32½ p.c.	35 p.c. 4 cts.

578	Regalia, badges and belts of all kinds, n.o.p.....	22½ p.c.	30 p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c.
579a	Musical instruments of all kinds, n.o.p.; phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records thereof; and mechanical piano and organ players.....	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
604	Belted leather in butts or bends; and all leather further finished than tanned, n.o.p.....	7½ p.c.	27½ p.c.	27½ p.c.	12½ p.c.	27½ p.c.	27½ p.c.
604a	Crust oil leather, for use in manufacturing chamolais leather.....	Free	27½ p.c.	27½ p.c.	12½ p.c.	27½ p.c.	27½ p.c.
607	Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories.....	Free	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
608	Leather, not further finished than tanned, and skins, n.o.p.....	5 p.c.	17½ p.c.	20 p.c.	10 p.c.	17½ p.c.	20 p.c.
610	Belted, n.o.p.....	15 p.c.	25 p.c.	27½ p.c.	20 p.c.	25 p.c.	27½ p.c.
610a	Belting of camel's hair, for machinery.....	7½ p.c.	27½ p.c.	27½ p.c.	15 p.c.	27½ p.c.	27½ p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p.....	22½ p.c.	35 p.c.	40 p.c.	25 p.c.	35 p.c.	40 p.c.
612a	English type saddles.....	10 p.c.	27½ p.c.	30 p.c.	17½ p.c.	27½ p.c.	30 p.c.
619a	India-rubber clothing and clothing made from waterproofed cotton fabrics.....	25 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
622	And, in addition, on raincoats..... each		50 cts.	50 cts.	50 cts.	50 cts.	50 cts.
623	Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.....	15 p.c.	40 p.c.	40 p.c.	20 p.c.	40 p.c.	40 p.c.
624a	Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books and parts thereof.....	15 p.c.	40 p.c.	40 p.c.	20 p.c.	40 p.c.	40 p.c.
624b	(i) Dolls: toys of all kinds, n.o.p.....	10 p.c.	30 p.c.	40 p.c.	20 p.c.	30 p.c.	40 p.c.
628	Statues and statuettes of porcelain or earthenware..	Free	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
647	Braces or suspenders, and finished parts thereof.....	15 p.c.	30 p.c.	35 p.c.	22½ p.c.	30 p.c.	35 p.c.
653	Jewellery of any material, for the adornment of the person, n.o.p.....	25 p.c.	37½ p.c.	45 p.c.	30 p.c.	37½ p.c.	45 p.c.
655	Brushes of all kinds.....	15 p.c.	30 p.c.	40 p.c.	17½ p.c.	30 p.c.	40 p.c.
655a	Pens, penholders and rulers, of all kinds.....	13½ p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
656	Lead pencils and crayons.....	10 p.c.	35 p.c.	35 p.c.	15 p.c.	35 p.c.	35 p.c.
658	Tobacco pipes of all kinds, pipe mounts, cigar and cigarette cases, cigar and cigarette holders, and cases for the same, smokers' sets and cases therefor, and tobacco pouches.....	17½ p.c.	32½ p.c.	35 p.c.	22½ p.c.	32½ p.c.	35 p.c.
659	Film of standard width (one and one-eighth of an inch and over) when imported for the sole purpose of having 16 millimetre reproductions made therefrom and provided that the original is re-exported within three months from date of importation.....	Free	3 cts.	3 cts.	1½ cts.	3 cts.	3 cts.
663f	Photographic dry plates.....per linear foot	15 p.c.	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
663f	Iodised mineral salts, for use exclusively in the feeding of animals.....	Free	25 p.c.	25 p.c.	15 p.c.	25 p.c.	25 p.c.

Tariff Item		British Preferential Tariff	Inter-mediate Tariff	General Tariff	Present Rates		
					B. P. Tariff	Intermediate Tariff	General Tariff
670	Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.....	10 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
710	Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions, viz.— (b) Usual coverings containing goods, not machinery, subject to any ad valorem duty, when not included in the invoice value of the goods they contain..... (bb) Usual coverings containing machinery subject to any ad valorem duty, when not included in the invoice value of the goods they contain..	10 p.c. 5 p.c.	20 p.c. 15 p.c.	20 p.c. 20 p.c.	15 p.c. 7½ p.c.	20 p.c. 15 p.c.	20 p.c. 20 p.c.

4. Resolved, That Schedule B to the Customs Tariff be amended by striking thereout tariff items 1060 and 1063, the enumerations of goods and the rates of drawback of customs duties

set opposite to each of the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said schedule B:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1060	Paper of all kinds.....	When used by the publisher or printer in Canada in the production of periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together.....	75 p.c.
1063	Materials, including all parts. . .	When used in the production of engines for use exclusively in the equipment of aircraft.....	60 p.c.

5. Resolved, That any enactment founded upon the foregoing resolutions to amend the Customs Tariff or schedules thereto shall be deemed to have come into force on the twenty-sixth day of February, one thousand nine hundred and thirty-seven, and to have applied to all goods

mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

